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# TRANSCRIPT OF RECORD

## Supreme Court of the United States

OCTOBER TERM, 1932

## No. 57

GENERAL ELECTRIC COMPANY AND CARBOLOY COMPANY, INC., PETITIONERS,

*vs.*

THE MARVEL RARE METALS COMPANY, THE OHIO INSTRUMENT MANUFACTURING COMPANY, CHARLES L. GEBAUER, ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT

PETITION FOR CERTIORARI FILED MAY 7, 1932

CERTIORARI GRANTED MAY 31, 1932

(36,736)

# (36,736)

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[fol. 2]

## IN UNITED STATES DISTRICT COURT, NORTHERN DISTRICT OF OHIO, EASTERN DIVISION

BILL OF COMPLAINT—Filed May 22, 1931

To the Honorable the Judges of the United States District Court for the Northern District of Ohio, Eastern Division:

The plaintiffs herein complain of the defendants, and allege upon information and belief as follows:

1. Plaintiff General Electric Company is a corporation organized under the laws of the State of New York, having its principal office and place of business at Schenectady, New York; and plaintiff Carboloy Company, Inc. is a corporation organized under the laws of the State of New York, having its principal office and place of business at 6 East 45th Street, New York, New York.

2. Each of the defendants The Marvel Rare Metals Company and The Ohio Instrument Manufacturing Company is a corporation organized under the laws of the State of Ohio; each of the defendants Charles L. Gebauer and C. F. William Bates is a citizen of the State of Ohio and a resident of Cleveland, Ohio in the Northern District of Ohio, Eastern Division; and each of the four defendants above mentioned has a regular and established place of business at 9410 Union Avenue, Cleveland, Ohio, within the Northern District of Ohio, Eastern Division. Defendants Charles L. Gebauer and C. F. William Bates own or control each of the corporation defendants The Marvel Rare Metals Company and The Ohio Instrument Manufacturing Company, and have been and now are directing and dominating the actions of said corporation defendants, including the acts of infringement hereinafter alleged.

3. This is a suit arising under the patent laws of the United States; and each of the defendants has committed

the acts of infringement hereinafter alleged within the Northern District of Ohio, Eastern Division, and elsewhere.

4. One Karl Schröter, a resident of Lichtenberg, near Berlin, Germany, was the original and first inventor of certain new and useful improvements in Hard-Metal Composition, not known or used by others in this country or patented or described in any printed publication in this or any foreign country before his invention or discovery thereof or more than two years prior to his application for a patent therefor, not in public use or on sale in this country for [fol. 3] more than two years prior to his application for a patent therefor, not abandoned by him, and not first patented or caused to be patented by him or his legal representatives or assigns in any foreign country on any application therefor filed more than twelve months prior to the filing of his application for United States Letters Patent; and said Karl Schröter, being then a citizen of Germany, filed on April 26, 1926, in the United States Patent Office, in accordance with the laws of the United States then in force, an application for letters patent for said improvements and complied in all respects with the requirements of said laws. Thereafter said Karl Schröter assigned said application to the plaintiff General Electric Company, and under date of July 16, 1929 United States Letters Patent No. 1,721,416 were duly issued to the plaintiff General Electric Company on said application, as will appear from the certified copy thereof to be produced in court; and thereby there was secured to the plaintiff General Electric Company, its legal representatives and assigns, for the term of seventeen years from July 16, 1929, the exclusive right to make, use and vend the inventions described and claimed in said letters patent throughout the United States and the territories thereof.

5. One Karl Schröter, a resident of Lichtenberg, near Berlin, Germany, was the original and first inventor of certain new and useful improvements in Hard-Metal Alloys and the Process of Making Same, not known or used by others in this country or patented or described in any printed publication in this or any foreign country before his invention or discovery thereof or more than two years prior to his application for a patent therefor, not in public use or

on sale in this country for more than two years prior to his application for a patent therefor, not abandoned by him, and not first patented or caused to be patented by him or his legal representatives or assigns in any foreign country on any application therefor filed more than twelve months prior to the filing of his application for United States Letters Patent; and said Karl Schröter, being then a citizen of Germany, filed on October 31, 1923, in the United States Patent Office, in accordance with the laws of the United States then in force, an application for letters patent for said improvements and complied in all respects with the requirements of said laws. The said application having [fol. 4] been assigned to the plaintiff General Electric Company, United States Letters Patent No. 1,549,615 were duly issued thereon to the plaintiff General Electric Company under date of August 11, 1925, as will appear from the certified copy thereof to be produced in court; and thereby there was secured to the plaintiff General Electric Company, its legal representatives and assigns, for the term of seventeen years from August 11, 1925, the exclusive right to make, use and vend the inventions described and claimed in said letters patent throughout the United States and the territories thereof.

6. On July 22, 1929 said Karl Schröter, being then a resident of Lichtenberg, near Berlin, Germany, and a citizen of Germany, filed in the United States Patent Office in accordance with the laws of the United States then in force, and with the assent of the plaintiff General Electric Company, an application for surrender of said letters patent No. 1,549,615 and re-issuance to the plaintiff General Electric Company of letters patent for the same invention upon an amended specification annexed to said application; and under date of March 18, 1930 United States Letters Patent No. Re. 17,624 were duly issued to the plaintiff General Electric Company on said application, as will appear from the certified copy thereof to be produced in court; and thereby there was secured to the plaintiff General Electric Company, its legal representatives and assigns, for the unexpired portion of the term of seventeen years from August 11, 1925, the exclusive right to make, use and vend the inventions described and claimed in said letters patent throughout the United States and the territories thereof.

7. Plaintiff Carboloy Company, Inc. has the exclusive license to make, use and sell the inventions covered by said letters patent Nos. 1,721,416, 1,549,615 and Re. 17,624 or any of them, throughout the United States and the territories thereof, subject to certain reservations made and rights retained by the plaintiff General Electric Company.

8. The inventions patented by said letters patent Nos. 1,721,416, 1,549,615 and Re. 17,624 are of great value and utility, and plaintiffs are entitled to maintain this suit and to receive all recoveries on account of any and all infringements of any of said patents. Plaintiff Carboloy Company, [fol. 5] Inc. is engaged in the business of manufacturing and selling tools and parts thereof embodying the inventions of each of said letters patent.

9. Since the dates of issuance of said letters patent Nos. 1,721,416, 1,549,615 and Re. 17,624 and within six years last past, within the Northern District of Ohio, Eastern Division, and elsewhere within the United States, each of the defendants has infringed said letters patent Nos. 1,721,-416, 1,549,615 and Re. 17,624 and each of them, and now is infringing said letters Patent Nos. 1,721,416 and Re. 17,624 and each of them, with full knowledge of plaintiffs' rights in the premises, without the license of plaintiffs or either of them and in violation of plaintiffs' rights, by making or causing to be made, using or causing to be used, or selling or causing to be sold tools and parts thereof containing or embodying the inventions of each of said letters patent.

10. Plaintiffs have marked products of their manufacture patented as aforesaid with the word "Patented" and the dates or numbers of said letters patent, in accordance with the provisions of Section 4900 of the Revised Statutes of the United States; and each of the defendants has been duly notified of plaintiffs' rights under each of said letters patent and of the infringement thereof by the defendant named in the notice, and has been requested to desist from such infringement; but has refused to agree to do so, and has since continued, is now continuing, and threatens to continue such infringement.

11. As the result of said infringement, each of the defendants has received gains, profits and advantages to

which plaintiffs are rightfully entitled; has prevented, is preventing, and unless restrained will continue to prevent plaintiffs from enjoying the exclusive rights secured to them by said letters patent; and has caused, is causing and unless restrained will continue to cause plaintiffs to suffer irreparable damage, for which plaintiffs have no adequate remedy at law.

Wherefore the plaintiffs pray as follows:

1. That a writ of subpœna ad respondendum may be issued directed to each of the defendants, commanding each of the defendants to appear and answer this bill of complaint, but not under oath, an answer under oath being waived.

2. That each of the defendants, and its or his agents and employees and each of them, may be enjoined and re- [fol. 6] strained from infringing said letters patent or any of them.

3. That each of the defendants may be ordered to account for the profits, gains and savings realized by it or him, and for the damages suffered by plaintiffs, by reason of infringement of said letters patent or any of them.

4. That plaintiffs may recover from the defendants said profits, gains, savings and damages, together with their costs herein.

5. That plaintiffs may have such other or further relief as may be just.

General Electric Company, by Darius E. Peck, Vice-President. Carboloy Company, Inc., by P. R. Mallory, President. Squire, Sanders & Dempsey, Solicitors for Plaintiff-. Charles E. Tullar, Watson, Bristol, Johnson & Leavenworth, of Counsel for Plaintiff-.

*Duly sworn to by P. R. Mallory. Jurat omitted in printing.*

[fol. 7] IN UNITED STATES DISTRICT COURT

ANSWER—Filed June 11, 1931

To the Honorable the Judges of the United States District Court for the Northern District of Ohio, Eastern Division:

Now come the defendants and for answer to the Bill of Complaint do say:

1. Defendants admit the existence of General Electric Company and of Carboloy Company, Inc., and understand them to be corporations, but have no knowledge as to the particulars of their incorporation or the States wherein they were organized.

2. The Marvel Rare Metals Company, defendant, and The Ohio Instrument Manufacturing Company, defendant, are corporations of Ohio; Charles L. Gebauer, defendant, and C. F. William Bates, defendant, are citizens of the State of Ohio and residents of Cleveland, Ohio, in the Northern District of Ohio, Eastern Division; none of the defendants has any place of business at 9410 Union Avenue, Cleveland, Ohio, but The Marvel Rare Metals Company and The Ohio Instrument Manufacturing Company have a place of business at 9410 St. Catherine Street, Cleveland, Ohio, which is within the Northern District of Ohio, Eastern Division. Defendants, Charles L. Gebauer and C. F. William Bates, own and control a large part of the capital stock of each of the said defendant corporations and have been and now are largely in control of the acts of the said defendant corporations, as officers and directors thereof, but the actions of neither of said defendant corporations nor of said individual defendants include any acts of infringement.

3. Defendants admit that this is a suit arising under the laws of the United States, but deny that any of the defendants has committed any acts of infrigement either within the Northern District of Ohio, Eastern Division, or elsewhere.

4. The defendants admit the issue of United States Letters Patent 1,721,416, under date of July 16, 1929; they have no knowledge of Karl Schröter or his residence or

citizenship or patent application or any assignment thereof; and they deny all the remainder of paragraph 4 of the Bill of Complaint.

[fol. 8] 5. The defendants admit the issue of United States Letters Patent No. 1,549,615, under date of August 11, 1925; they have no knowledge of Karl Schröter or his residence or citizenship or patent application or any assignment thereof; and they deny all the remainder of paragraph 5 of the Bill of Complaint.

6. Defendants admit the issue of Reissue United States Letters Patent No. 17,624 under date of March 8, 1930; they have no knowledge of Karl Schröter or his residence at that time or any assent of the plaintiff, General Electric Company, or whether the said Letters Patent are for the same invention; and they deny that the same were lawfully or properly granted or have any legal effect.

7. Defendants have no knowledge of the matters and things asserted in paragraph 7 of the Bill of Complaint.

8. Defendants admit that Carboloy Company, Inc., plaintiff, is engaged in the business of manufacturing and selling tools and parts thereof in the manner and according to the processes and compositions of matter set forth in Plaintiffs' Letters Patent, Nos. 1,549,615, 1,721,416, and Reissue 17,624, but deny that any invention is set forth in any one of said Letters Patent, or that any of said processes or compositions of matter or tools or parts thereof is or are new or novel, and denies that said Letters Patent are of any value or utility or that plaintiffs are entitled to maintain this suit or to receive any recoveries.

9. Defendants deny that they have at any time infringed any of said Letters Patent Nos. 1,721,416, 1,549,615, or Reissue 17,624.

10. Defendants have no knowledge as to whether plaintiffs have ever marked the products of their manufacture "patented" or otherwise; they admit the receipt of notification of plaintiffs' pretended rights, but have never in the past infringed any valid rights of the plaintiffs nor do they expect to do so in the future.

11. Defendants deny each and every allegation contained in paragraph 11 of the Bill of Complaint.

12. Defendants say that whatever manufacture they have been doing in the past of anything similar in any respect to anything described or claimed in the plaintiffs' Letters [fol. 9] Patent mentioned in the Bill of Complaint has been carried on by them in exact accordance with the specification and claims by some one or more of the following Letters Patent of Charles L. Gebauer, defendant, viz:

1,223,322, granted April 17, 1917;
1,342,801, granted June 8, 1920;
1,346,192, granted July 3, 1920;
1,359,353, granted Nov. 16, 1920;
1,395,269, granted Nov. 1, 1921;

and the defendants aver that they were perfectly justified in so doing, and that nothing contained in any pretended Letters Patent secured by these plaintiffs as a result of patent applications not filed in the United States Patent Office until more than four years subsequent to the grant of the latest of the defendants' said Letters Patent is sufficient in law or equity or good conscience to impede defendants in using their own Letters Patent.

13. Upon information and belief defendants say that the said Schröter patents Nos. 1,721,416, 1,549,615 and Reissue 17,624, are completely invalid and void for the reason that the alleged invention thereof, and all material and substantial parts thereof, was fully set forth and described in and by the following United States Letters Patent, viz:

Charles L. Gebauer, 1,223,322, April 17, 1917;
Charles L. Gebauer, 1,342,801, June 8, 1920;
Charles L. Gebauer, 1,346,192, July 13, 1920;
Charles L. Gebauer, 1,359,353, Nov. 16, 1920;
Charles L. Gebauer, 1,395,269, Nov. 1, 1921.

14. Upon information and belief defendants say that none of the said Gebauer Letters Patent Nos. 1,223,322, 1,342,801, 1,346,192, 1,359,353, or 1,395,269 was discovered nor cited by the Examiner in the prosecution of any of said Schröter Letters Patent, wherefore said Schröter Letters Patent, Nos. 1,721,416, 1,549,615, and Reissue 17,624, were inadvertently and improvidently granted and are utterly void

and of no effect; as by reference to the certified copies of said Gebauer Letters Patent and to the certified copies of the file wrapper contents and drawings of each of said Schröter Letters Patent ready here in court to be produced will more fully and at large appear.

15. Defendants further say that the alleged invention of each of said Schröter Letters Patent Nos. 1,721,416, 1,549,- [fol. 10] 615, and Reissue 17,624, and all material and substantial parts hereof was well known and in public use in the United States prior to the introduction of Schröter's pretended inventions into the United States and more than two years prior to the filing dates of Schröter's said Letters Patent by these defendants at 9410 St. Catherine Street, Cleveland, Ohio, who have employed the same uninterruptedly ever since, to-wit: 1917.

16. Upon information and belief defendants say that in view of the state of the art as it existed at and prior to the date of the application for the said Schröter Letters Patents, 1,721,416, 1,549,615, and Reissue 17,624, and prior to Schröter's introduction of his pretended invention into the United States, said Letters Patent are invalid for want of invention, and that said Letters Patent are so limited and restricted that they cannot be law fully construed to cover any devices manufactured or sold by any of the defendants or any processes employed by any of the defendants.

17. Upon information and belief defendants say that the description in the specifications of the said Schröter's Letters Patent 1,721,416, 1,549,615 and Reissue 17,624, is not in such clear, full, and exact terms as to specify any distinction or patentability therein as compared with the Letters Patent of Charles L. Gebauer hereinbefore identified or such as to enable any person skilled in the art to make, construct, and use the subject-matter of said Schröter's Letters Patent as distinguished from the subject-matter of said Gebauer Letters Patent, and that the claims of said Schröter's patents, are ambiguous and uncertain.

## Counterclaim

18. Defendants state that prior to October 16, 1918, Charles L. Gebauer, of Cleveland, Ohio, was the original, true, first, and sole inventor of certain improvements relating to Methods of Producing Formed Metal Articles, described and claimed in United States Letters Patent No. 1,359,353, which were not known or used by others in the United States before his invention or discovery thereof, nor patented nor described in any printed publication in the United States or any foreign country before his invention or discovery thereof, nor more than two years prior to his application for a patent therefor, and which was not in [fol. 11] public use or on sale in the United States for more than two years prior to his application for a patent therefor, and not abandoned by him, and not first patented or caused to be patented by him or his legal representatives or assigns in any foreign country on any application therefor, filed more than twelve months prior to the filing of his application for United States Letters Patent; and said Charles L. Gebauer did file on October 16, 1918, in the United States Patent Office in accordance with the laws of the United States then in force, an application for Letters Patent for said improvements in Method of Producing Formed Metal Articles and complied in all respects with the requirements of said laws, whereupon, upon due examination made, the said Charles L. Gebauer was adjudged to be justly entitled to a patent under the law and Letters Patent of the United States No. 1,359,353, signed, sealed, delivered, and executed in due form of law, were granted and delivered unto said Charles L. Gebauer upon the 16th day of November, 1920, whereby there was secured to said Charles L. Gebauer, his heirs and assigns for the term of seventeen years from the 16th day of November, 1920, the exclusive right to make, use, and vend the said invention throughout the United States and territories thereof, a description of which invention was contained in the specification of which a copy was annexed to and made a part of said Letters Patent No. 1,359,353; and the defendant herewith makes profert of the original or a duly certified copy of the said Letters Patent No. 1,359,353, ready here in Court to be produced.

19. Defendants further state that said Letters Patent have never been assigned or transferred by the said Charles L. Gebauer, but are still held by said Charles L. Gebauer subject only to an exclusive oral license from Charles L. Gebauer unto The Marvel Rare Metals Company, defendant, and The Ohio Instrument Manufacturing Company, defendant, under which exclusive oral license defendants have been operating ever since the grant of said Letters Patent.

20. Defendants further state that they have been to trouble and expense in and to developing and marketing the metallic articles manufactured by them according to the method described and claimed in said Letters Patent No. 1,359,353, and that the said articles began to come into exclusive and limited commercial use to the great ad- [fol. 12] vantage of the public and to these defendants, and that the public generally acquiesced in said Letters Patent No. 1,359,353, and that defendants would now be in complete enjoyment of the fruits of their industry and the advantages of their Letters Patent excepting for the actions of the plaintiffs who have maliciously and unwarrantedly asserted and pretended to defendants prospective customers that they, and not the defendants, were the true patentees and that because of said Schröter's alleged patents Nos. 1,721,416, 1,549,615, and Reissue 17,624, the defendants might not manufacture or sell articles under their own Letters Patent No. 1,359,353 and that purchasers of defendants' articles made by defendants under said Letters Patent No. 1,359,353 would be in danger of suit by the plaintiffs under their pretended Schröter patents Nos. 1,721,416, 1,549,615 and Reissue 17,624, whereby the defendants' market was grievously impaired and restricted, and defendants became unable to sell their product, and were deprived of profits which they might and otherwise would have received but for the unlawful acts of the plaintiffs.

21. The plaintiffs have been duly notified of the defendants' rights under said Letters Patent 1,359,353, and of the fact that the plaintiffs' manufacture and sale under its pretended Schröter patent constitutes an infringement of said Letters Patent No. 1,359,353, and that the threatening and intimidating acts and assertions of the plaintiffs

based upon said alleged Schröter patents were injuring the defendants' lawful market, to all of which the plaintiffs paid no heed.

22. As a result of the plaintiffs' said unlawful acts, each of the plaintiffs has received gains, profits, and advantages to which the defendants are lawfully entitled, and the defendants have been prevented from making lawful sales of articles made according to the process of their own Letters Patent, No. 1,359,353, to the great damage and injury of the defendants; and great and irreparable injury has been caused to the defendants and unless restrained will continue to be caused to these defendants, for which injury defendants have no adequate remedy at law.

Wherefore the Defendants Pray:

23. That General Electric Company, plaintiff, and Carboloy Company, Inc., plaintiff, each for itself and not one [fol. 13] for the other, be required to make full, true, direct and perfect answer unto this Counterclaim.

24. That United States Letters Patent of Charles L. Gebauer, No. 1,359,353, may be decreed to be good and valid in law and the property of Charles L. Gebauer, defendant, subject to license in and to The Marvel Rare Metals Company, defendant, and The Ohio Instrument Manufacturing Company, defendant; and that the plaintiffs' manufacture and sale of tools and parts thereof in accordance with the Schröter Letters Patent constitutes an infringement of said Gebauer Letters Patent No. 1,359,353.

25. That an injunction be issued, directed to General Electric Company, defendant, and to Carboloy Company, Inc., defendant, and their respective officers, directors, attorneys, agents, dealers, servants, representatives, workmen, clerks, employees, salesmen, subsidiaries, and privies, and all others acting by or under their direction or authority and those in concert or participating with them from using, employing, or performing within the United States or its territories any process similar to or conflicting with that set forth and patented in and by said Gebauer Letters Patent, No. 1,359,353; or from making any assertion or representation in any manner within the United States or its territories that any process set forth in said Gebauer Patent, No. 1,359,353 constitutes in any respect an infringement of any Letters Patent owned by either plain-

tiff; or from making any threat or representation against any one of these defendants or any past or future customer of defendants, actual or potential that any tool or die or other metallic article made by the process set forth and claimed in said Gebauer Letters Patent is an infringement of said Schröter Patents or any of them; or that said Schröter Patents are valid or of any legal effect.

26. That this cause may be referred to a master with orders to ascertain and report the profits, gains and advantages received and realized by Carboloy Company, Inc., plaintiff, as a result of its use of processes in infringement of said Gebauer Letters Patent, No. 1,359,353, and by General Electric Company, plaintiff, as license fee for the use of processes by Carboloy Company, Inc., defendant, in infringement of said Gebauer Letters Patent, No. 1,359,353; together with all damages occasioned to the defendants or any of them by reason either of the actual use of processes [fol. 14] infringing said Letters Patent No. 1,359,353, or by any loss of profits or loss of sales caused in whole or part by any assertion on the part of either plaintiff or any officer, agent, salesman, dealer, distributor, or representative of either plaintiff, to the effect that any part, tool, die or other article, sold or offered for sale by any defendant constituted an infringement of any of the Schröter Patents in suit; and that defendants may have judgment against plaintiffs for the sums so found.

27. That defendants may recover their costs and may have such other further and/or different relief as may be just and that the plaintiffs' bill may be dismissed.

The Marvel Rare Metals Company, by Charles L. Gebauer, President. The Ohio Instrument Manufacturing Company, by C. F. William Bates, President. Smith & Freeman, Solicitors for Defendant. Harold Elno Smith, of Counsel for Defendant. Charles L. Gebauer, C. F. William Bates.

*Duly sworn to by Charles L. Gebauer and C. F. W. Bates. Jurats omitted in printing.*

[fol. 15] Service acknowledged and receipt of copy of this paper and attached — this 11th day of June, 1931.

Squire, Sanders & Dempsey, per J. H. M., Attorneys for Pltff.

IN UNITED STATES DISTRICT COURT

PLAINTIFFS' MOTION TO DISMISS COUNTERCLAIM—Filed June 29, 1931

To the Honorable the Judges of the District Court of the United States for the Northern District of Ohio, Eastern Division:

Now come the plaintiffs, General Electric Company and Carboloy Company, Inc., by their attorneys, and move that the counterclaim set up in the defendants' Answer in the above entitled cause be dismissed on the grounds (1) that this court has no jurisdiction thereof, (2) that there is a misjoinder of parties in said counterclaim, and (3) that the [fol. 16] said counterclaim does not set forth facts sufficient to constitute a valid cause of action or a counterclaim in equity against these plaintiffs.

Plaintiffs further move that their time for replying to the counterclaim set up in defendants' Answer be extended until twenty days after the hearing and determination of this motion to dismiss said counterclaim, and for such other relief as to the court may seem just and proper.

A copy of above motion mailed June —, 1931 to attorneys for cross petitioners.

General Electric Company and Carboloy Company, Inc., Plaintiffs. Squire, Sanders & Dempsey, by Squire, Sanders & Dempsey, Their Attorneys.

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IN UNITED STATES DISTRICT COURT

DEFENDANTS' MOTION TO AMEND ANSWER—Filed July 21, 1931

Now come the defendants and move to amend their Answer by the insertion of the following between paragraphs numbered 20 and 21 of this said Answer:

20a. Since the date of issue of said Gebauer Letters Patent 1,359,353, and within six years last past and prior to the filing of this counterclaim, within the United States of America, each of the plaintiffs has infringed said Gebauer

Letters Patent 1,359,353, and now is infringing the said Gebauer Letters Patent 1,359,353, with full knowledge of the defendants' rights in the premises, without the license of defendants or either of them and in violation of defend-
[fol. 17] ants' rights, by using, performing and employing and causing others to use, perform and employ the process set forth in said Gebauer Letters Patent No. 1,359,353, and selling or causing to be sold the product of said process, and threatening to continue so to do to the great damage and injury of these defendants.

Harold Elno Smith, Attorney for Defendants.

STATE OF OHIO,
County of Cuyahoga, ss:

Harold Elno Smith being first duly sworn deposes and says: the defendants' answer and counterclaim as originally prepared contained a clause directly charging infringement. I know this because I prepared it. Subsequently however, in order to cure some errors of statement in the answer and counterclaim the same was wholly rewritten, and I find to my chagrin that in the transcription this paragraph was omitted; the excuse being that the work had to be done hurriedly since the suit was not brought to my attention until very shortly before the time when the answer was due to be filed. I examined the answer and counterclaim after it was so transcribed and before it was filed, but did not observe this omission until it was brought to my attention by the plaintiffs' Motion to Dismiss.

Harold Elno Smith.

Subscribed and sworn to before me this 15th day of July, 1931. Frieda M. Bloede, Notary Public. (Seal.)

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[fol. 18] IN UNITED STATES DISTRICT COURT

ORDER DISMISSING COUNTERCLAIM—Entered September 9, 1931, by Paul Jones, Judge

This day this cause came on to be heard on the motion of plaintiffs to dismiss counterclaim, and was submitted to the Court; on consideration thereof the Court sustained

said motion, and it is ordered by the Court that the counterclaim set up in the defendants' answer herein be and the same is hereby dismissed.

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IN UNITED STATES DISTRICT COURT

ORDER GRANTING DEFENDANTS LEAVE TO AMEND THEIR ANSWER—Entered September 9, 1931, by Paul Jones, Judge

This day this cause came on to be heard on the motion of defendants to amend their answer herein, and was submitted to the Court; on consideration thereof the Court granted defendants leave to amend their answer as requested in said motion.

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[fol. 19] DEFENDANT'S EXHIBIT No. 1

Certified Copy of U. S. Letters Patent No. 1,359,353, Nov. 16, 1920, to Charles L. Gebauer for Improvement in Methods of Producing Formed Metallic Articles—Filed July 21, 1931

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Department of Commerce, United States Patent Office

To all persons to whom these presents shall come, Greeting:

This is to certify that the annexed is a true copy from the records of this office of the Letters Patent of Charles L. Gebauer, Number 1,359,353, Granted November 16, 1920, for Improvement in Methods of Producing Formed Metallic Articles.

In Testimony Whereof I have hereunto set my hand and caused the seal of the Patent Office to be affixed, at the City of Washington, this twenty-fourth day of June, in the year of our Lord one thousand nine hundred and thirty-one and of the Independence of the United States of America the one hundred and fifty-fifth.

Thomas E. Robertson, Commissioner of Patents.

Attest: D. E. Wilson, Chief of Division. (Seal.)

No. 1,359,353

The United States of America to all to whom these presents shall come:

Whereas Charles L. Gebauer, of Cleveland, Ohio, has presented to the Commissioner of Patents a petition praying for the grant of Letters Patent for an alleged new and useful improvement in Methods of Producing Formed Metallic Articles, a description of which invention is contained in the specification of which a copy is hereunto annexed and made a part hereof, and has complied with the various requirements of Law in such cases made and provided, and

[fol. 20] Whereas upon due examination made the said Claimant is adjudged to be justly entitled to a patent under the Law.

Now, therefore, these Letters Patent are to grant unto the said Charles L. Gebauer, his heirs or assigns for the term of Seventeen years from the sixteenth day of November, one thousand nine hundred and twenty, the exclusive right to make, use and vend the said invention throughout the United States and the Territories thereof.

In testimony whereof I have hereunto set my hand and caused the seal of the Patent Office to be affixed in the District of Columbia this sixteenth day of November, in the year of our Lord one thousand nine hundred and twenty, and of the Independence of the United States of America the one hundred and forty-fifth.

M. H. Coulston, Acting Commissioner of Patents.
(Seal.)

[fol. 21] United States Patent Office

Charles L. Gebauer, of Cleveland, Ohio

Method of Producing Formed Metallic Articles

1,359,353. Specification of Letters Patent. Patented Nov. 16, 1920

No drawing. Application filed October 16, 1918. Serial No. 258,402

To all whom it may concern:

Be it known that I, Charles L. Gebauer, a citizen of the United States, residing at Cleveland, in the county of

Cuyahoga and State of Ohio, have invented a certain new and useful Improvement in Methods of Producing Formed Metallic Articles, of which the following is a full, clear, and exact description.

This invention relates to a method of forming metallic articles and has for its objects the provision of a new method whereby the production of certain classes of articles out of known, common, and fusible metals can be facilitated, and whereby articles of use can be made out of metallic substances which hitherto could be worked by no known method.

The essence of my invention consists in this that the metal in finely divided condition is compacted by great pressure into the substantial or exact size and shape of the article desired, after which it is brought to an elevated temperature less than its melting point and maintained at that temperature for a considerable time. As a result of this treatment the particles cohere together in a solid, rigid, integral, homogeneous whole, which whole bears the finished shape and size without necessity of machining or forming operations. Furthermore articles made in this way are generally more dense than if made by casting processes, while several metals can be treated thus which from their infusibility can not be cast or from their hardness can not be machined after casting.

In my former Patent No. 1,223,322 granted April 17, 1917 and in my former applications Nos. 113,313 and 169,176, filed Aug. 5, 1916, and May 17, 1917, respectively I have described articles made by compacting together two or more distinct metals of different fusing points and heating the same to a temperature intermediate their several fusing points, which I formerly supposed was essential to success, but I have discovered that a solid rigid homogeneous article can be produced by compacting to the desired shape either a finely divided single metal or finely divided mixture of metals and by suitably heat treating the same at a temperature less than that of fusion of the single metal in the first case or less than that of any of the metals in the second case.

This invention is of use for a great many purposes in the arts and sciences: for example in the construction of electrodes for vacuum tubes; in the production of all manner of tungsten or molybdenum articles for electrical, chemical, mechanical or metallurgical uses; for the manufacture of

dies, bearings, small parts, intricate patterns, etc., in iron, nickel, chromium, vanadium, titanium, or the alloys of same or like metals; or in mixtures of titanium, vanadium, chromium, molybdenum, tungsten, manganese, iron, cobalt, nickel and the like as in making compound substances for special purposes to take the place of the expensive casting, forging, and machining.

As one example of my improved process and of an article made therefrom I may make a valve part out of iron reduced by hydrogen, compressed hydraulically to the shape desired under a pressure of, e. g. 2,000 pounds per square inch, and raised to a dull red heat (e. g. 800° C.) and maintained at that temperature for about one hour.

As another example I make puppet valves for internal combustion engines by compacting iron, nickel, tungsten and chromium into a mold under a pressure of 4,000 pounds per square inch and afterward maintaining the same at a temperature of about 1200° C. for about half an hour.

As another example of my improved method I make tools and dies by compacting into a suitable mold a mixture of iron, molybdenum and chromium under a pressure of 1,000 pounds per square inch and thereafter heating the same for about one hour to a temperature of about 1200° C. In each of the above cases I preferably employ a preponderance of iron with about 10% of chromium, the balance consisting of the remaining ingredients named.

If the mixture be first compacted under sufficient pressure I find that little or no change in shape or size will take place during the succeeding heat treatment. My invention is characterized by compacting together the pure metals in finely divided form to the ultimate shape required and subsequently treating them to a temperature greater than their critical temperature but less than the melting point of any of them. By critical temperature I mean the lowest temperature at which molecular rearrangement of the material becomes possible.

This temperature varies very greatly for different substances, as is well known, wherefore no fixed minimum tem- [fol. 22] perature can be given. Thus in gold and lead molecular rearrangement will take place at ordinary temperatures, in hardened steel this action will occur at the temperature of boiling water though slowly, and in the case of

tungsten the minimum critical temperature appears to be at least 1000° C. The time required becomes less as the temperatuure approaches the melting point of the substance, and increases with the mass of substance treated. The process herein set forth is applicable either to homogeneous masses of a single metal or to mixtures of metals whose melting points all lie above the critical temperatures of all, but is not applicable to such mixtures as those of lead and tungsten wherein the melting point of one lies below the critical temperature of the other.

Having thus described my invention, what I claim is:

1. The process of producing a formed metallic article which consists in compacting the finely divided metallic substance to the desired shape and size under great pressure and then heat treating the same at a temperature above the critical temperature of all its components but less than the fusing temperature of any component until the particles shall have cohered rigidly together.

2. The process of producing a formed metal article which consists in mixing together a plurality of finely divided metals all of whose melting points lie above the critical points of all, compacting the same under great pressure to the desired form of the finished article, heating the same to a temperature intermediate the lowest fusing point and the highest critical point of any of the components, and maintaining such temperature until the particles shall have cohered rigidly together.

3. The process of producing formed metal articles containing alloys of iron-group and chromium-group metals, which consists in mixing intimately together one or more iron group metals and one or more cromium group metals, compacting the same under great pressure to the finished form desired, heating the same to a temperature between about 1000° C. and 1400° C., and maintaining the article at this temperature until thoroughly coherent.

In testimony whereof, I hereunto affix my signature.

Charles L. Gebauer.

[fol. 23] DEFENDANT'S EXHIBIT No. 6

Patented Aug. 11, 1925. 1,549,615

United States Patent Office

Karl Schröter, of Lichtenberg, Near Berlin, Germany, Assignor to General Electric Company, a Corporation of New York

# Hard-metal Alloy and the Process of Making Same

No drawing. Application filed October 31, 1923. Serial No. 672,014

To all whom it may concern:

Be it known that I, Karl Schröter, a citizen of the German Realm, residing at Lichtenberg, near Berlin, Germany, have invented certain new and useful Improvements in Hard-Metal Alloys and the Processes of Making Same, of which the following is a specification.

My invention relates to hard metal alloys. More particularly, it relates to alloyed tungstic carbide which alloy is suitable for making working implements of various sorts and which is particularly suitable for making hones.

The alloy of my invention differs from known alloys primarily by consisting of a tungstic carbide with a carbon content of from 4 to 10 per cent, in combination with an auxiliary metal of a considerably lower melting point as, for instance, iron, cobalt or nickel, in quantities up to a maximum of 10 per cent. A tungstic metal thus constitutes the predominating element amounting to at least 80 per cent of the total content of the alloy. The new alloy is not inferior in respect to hardness to the known tungstic carbide alloys and is quite considerably superior to these for strength.

To make the new alloys, it is advantageous to press into a body of pulverized tungstic carbide containing from 3 to 10 per cent carbon, together with an auxiliary metal in a finely divided state and in a quantity within the limits specified, and to heat this body to sintering temperature. The effect of the auxiliary metal is to reduce the sintering point of the body to such an extent that it occurs at temperatures

which lie in the neighborhood of 1000 degrees below the melting point of the pure carbide. The foregoing method is considerably cheaper, easier and simpler than the methods used heretofore in the prior methods and a temperature of about 2500 degrees must be obtained.

Another object of my invention is that inasmuch as the body may be pressed and sintered in a manner well known, it is possible to make the body into any desired form such as is obtained only with great difficulty when other processes are used.

In making the new alloy, pulverized tungstic carbide can be used as the main material which can be produced by carburizing tungstic powder from the gas phase, or by mixing the tungstic powder with carbon. The carbon may be of soot, sugar of carbon, graphite and the like. A carbon content of 7 per cent has proved especially favorable, but it can be varied from 3 to 10 per cent.

A metal which can be reduced by hydrogen and which has a considerably lower melting point than the tungstic carbide is suitable for use as the auxiliary metal, for example, iron, cobalt or nickel. These metals may be in a finely divided form. The temperature at which the sintering occurs is affected by the quantity of the admixed auxiliary metal, which can be made as high as 10 per cent of the alloy. For instance, an admixture of 5 per cent cobalt has proved particularly favorable in which case a very hard and exceedingly compact product is produced. Instead of using a single auxiliary metal as those named in the foregoing, two or several of the auxiliary metals may be added to the tungstic powder in which case the auxiliary metals can be taken in any suitable ratio to each other, but they must not, all told, make up more than 10 per cent of the total quantity of the alloy. The sintering of the bodies, which bodies are formed for instance by hydraulic pressure, can be effected by heating them in a protective atmosphere such as an atmosphere of hydrogen, nitrogen, argon, illuminating gas, carbonic oxide, or an admixture of such gases, or the sintering can be effected by embedding the bodies in carbon, graphite and the like. Suitable sintering temperature may be found between 1500 and 1600 degrees C.

What I claim as new and desire to secure by Letters Patent of the United States, is:

1. A hard metal alloy comprising a carbide of tungsten, the carbon content of which ranges from 3 to 10% of the tungsten, said alloy having, in addition, a metal of a considerably lower melting point than the carbide, said metal forming not more than 10% of the tungsten content.

2. A hard metal alloy comprising a carbide of tungsten, the carbon content of which ranges from 3 to 10% of the tungsten, said alloy having a metal of the iron group, the latter forming not more than 10% of the tungsten content.

3. A hard metal alloy comprising a carbide of tungsten, [fol. 24] the carbon content of which ranges from 3 to 10% of the tungsten, said alloy having iron, the latter forming not more than 10% of the tungsten content.

4. The method of making an alloy of a carbide of tungsten and a metal which consists in bringing together a pulverized tungsten carbide and a quantity of finely divided metal, mixing said materials and pressing them into forms and heating the forms to sintering temperature.

5. The method of making an alloy of a carbide of tungsten and a metal which consists in bringing together a pulverized tungsten carbide, said carbide having a carbon content within the ranges of from 3 to 10%, and a quantity of finely divided metal, said metal not exceeding 10% of the tungsten constituent, mixing said materials and pressing them into forms and heating the forms to sintering temperature.

6. A hard metal alloy consisting of a mixture of tungsten carbide and a metal with a melting point considerably lower than that of the carbide, the proportions of the tungsten carbon and of the metal being respectively not more than 80% of tungsten, 10% of carbon and 10% of the metal.

In witness whereof, I have hereunto set my hand this 8th day of October, 1923.

Karl Schröter.

[fol. 25] DEFENDANTS' EXHIBIT No. 7

Patented July 16, 1929. 1,721,416

United States Patent Office

Karl Schröter, of Berlin-Lichtenberg, Germany, Assignor to General Electric Company, a Corporation of New York

# Hard-metal Composition

No drawing. Application filed April 26, 1926, Serial No. 104,613, and in Germany May 7, 1925

My present invention relates to metal compositions and more particularly to compositions comprising hard metal carbides. It is one of the objects of my invention to provide a hard metal composition of very great strength and tenacity which is particularly adaptable for use in connection with wear resisting bodies and cutting tools.

In my prior Patent No. 1,549,615 granted August 11, 1925, I have described and claimed a sintered hard metal composition formed by adding to a powdered tungsten carbide, having a carbon content of 3 to 10%, an auxiliary metal having a lower fusion point than the tungsten carbide. While the metal composition described in the above patent has numerous advantages, I have found it desirable in certain cases, and particularly in the manufacture of cutting tools and utensils, to increase the amount of auxiliary metal in the composition. By increasing the amount of auxiliary metal a product is obtained which has a somewhat lesser degree of hardness than the metal composition described in the patent but a much greater degree of toughness or tenacity. In the manufacture of the new product or material, I have found it advantageous to carburize the powdered form of the basic metal employed, such as tungsten, in the presence of the vapor of a hydrocarbon, such as methane, or the like although the carburization may be effected by mixing the tungsten powder with carbon such as soot or sugar of carbon if desired. The resulting composition, however, differs structurally from that of the prior patent mainly in the amount of auxiliary metal employed.

In making the new product, an auxiliary metal is applied to a powdered hard metal carbide, such as tungsten carbide

for example, the auxiliary metal having a sintering temperature below the melting point of the carbide. The carbide is produced by heating the tungsten powder to approximately 1000° C. in the presence of a hydrocarbon vapor, such as methane. When produced in this manner the carbide is a loosely adherent mass which may be easily broken into small pieces by hand without the employment of auxiliary mechanical means. The carbon content of the carbide will usually be substantially the same as described in the prior patent, that is from 3 to 10% of the carbide and may be so measured that tungsten mono-carbide together with some free carbon is formed. When the carbide is prepared in this manner it is possible to use a larger volume of the auxiliary metal than was employed in the prior patent. The use of additional auxiliary metal provides a metal composition which possesses a high degree of tenacity and hardness although the hardness of the present composition is slightly less than that described in my prior patent. The increased tenacity of the present composition, however, together with the high degree of hardness which is obtained makes it highly desirable for certain uses as in connection with cutting tools and various forms of utensils.

The auxiliary metals may comprise, as in the main patent, metals which have a sintering temperature lower than the melting point of the carbide, for example, iron, cobalt and nickel, and the quantity of auxiliary metal employed may constitute from 10 to 20% of the alloy, although ordinarily it will not exceed 20% if an extremely high degree of hardness is required. Cutting tools formed of the above composition are extremely hard and tough, and are capable of cutting not only the hardest known steels but also materials which generally abrade cutting tools.

The auxiliary metal may be in finely powdered form and should be pressed into the pulverized hard metal carbide, and the molded body then heated to a sintering temperature. The pressure employed depends on the shape of the finished product and may vary between 200 and 800 kg. per sq. cm. The resulting material is magnetic, and it is my opinion that the auxiliary metal acts to cement the particles of the carbide, giving strength and toughness to the finished article. As described in my prior patent the temperature at

which sintering occurs is affected by the quantity of the auxiliary metal employed but in any case the presence of the auxiliary metal reduces the sintering point of the body far below the fusion point of the carbide. For example, with 5 to 7½% cobalt, the final sintering temperature is about 1400° C. With 10% cobalt, the sintering temperature is 1380° C., and with 15% cobalt, the sintering temperature is 1340° C. The sintering temperature should be maintained more than one hour, preferably an hour and a half, [fol. 26] no matter how high the cobalt content of the composition. If desired, instead of a single auxiliary metal a plurality of such metals may be employed but the amount of such metals should not ordinarily exceed 20% of the entire quantity of the alloy.

What I claim as new and desire to secure by Letters Patent of the United States is:

1. A sintered, hard and tough, metal composition consisting mainly of a hard metal carbide and an auxiliary metal cementing particles of the carbide together, said auxiliary metal having a sintering temperature lower than the melting point of the carbide and comprising more than 10% of the resulting combination.

2. A sintered, hard and tough, composition consisting substantially of tungsten-carbide and cobalt, the cobalt forming more than 10% but not more than 20% of the total content of the composition.

3. A sintered, hard and tough, composition consisting, except for minor impurities, of tungsten, carbon and cobalt, the carbon content varying from 2.4 to 9.0%, the cobalt content being more than 10% but not more than 20% of the total content of the composition and tungsten the remainder.

4. A sintered, hard and tough, metal composition consisting mainly of a hard metal carbide but containing an auxiliary metal, said auxiliary metal forming more than 10% but not more than 20% of the total content of the composition, said composition having a sintering temperature lower than the melting point of the carbide.

5. A sintered, hard and tough, metal composition consisting of a hard metal carbide, and containing an appre-

ciable amount of cobalt, the cobalt forming more than 10% of the total content of the metal composition.

6. A sintered cutting tool, said tool consisting mainly of a hard metal carbide, and containing an appreciable amount of auxiliary metal having a sintering temperature lower than the melting point of the carbide, said auxiliary metal forming more than 10% of the total content of the cutting tool.

7. A sintered cutting tool consisting largely of a hard metal carbide, and containing an appreciable amount of cobalt, the cobalt forming more than 10% of the total content of the cutting tool.

8. A sintered cutting tool consisting largely of a carbide of tungsten and containing an appreciable amount of a metal having a lower melting point that the carbide, said metal forming more than 10% of the total content of the cutting tool.

9. A sintered, hard and tough, metal composition consisting mainly of tungsten carbide and containing more than 10% of cobalt.

10. A sintered, hard and tough, metal composition consisting mainly of a carbide of metal of the sixth group and a quantity of metal of the iron group, the metal of the iron group forming more than 10% and less than 20% of the composition.

11. A sintered, hard and tough, metal composition consisting largely of tungsten and containing cobalt and carbon, the amount of cobalt being more than 10% and less than 20% of the total content of the metal composition.

In witness whereof, I have hereunto set my hand this 12th day of April, 1926.

Karl Schröter.

[fol. 27] DEFENDANTS' EXHIBIT No. 8

Reissued Mar. 18, 1930. Re. 17,624

United States Patent Office

Karl Schröter, of Lichtenberg, Near Berlin, Germany, Assignor to General Electric Company, a Corporation of New York

# Hard-metal Alloy and the Process of Making Same

No drawing. Original No. 1,549,615, dated August 11, 1925. Serial No. 672,014, filed October 31, 1923. Application for reissue filed July 22, 1929. Serial No. 380,249

My invention relates to hard metal alloys or compositions. More particularly, it relates to alloyed tungstic carbide which alloy is suitable for making working implements of various sorts and which is particularly suitable for making hones.

The alloy of my invention differs from known alloys primarily by consisting of a tungstic carbide with a carbon content of from 3 to 10 per cent, in combination with an auxiliary metal of a considerably lower melting point as, for instance, iron, cobalt or nickel, in quantities up to a maximum of 10 per cent. A tungstic metal thus constitutes the predominating element amounting to at least 80 per cent of the total content of the alloy. The new alloy is not inferior in respect to hardness to the known tungstic carbide alloys and is quite considerably superior to these for strength.

To make the new alloys, it is advantageous to press into a body of pulverized tungstic carbide containing from 3 to 10 per cent carbon, together with an auxiliary metal in a finely divided state and in a quantity within the limits specified, and to heat this body to sintering temperature. The effect of the auxiliary metal is to reduce the sintering point of the body to such an extent that it occurs at temperatures which lie in the neighborhood of 1000 degrees below the melting point of the pure carbide. The foregoing method is considerably cheaper, easier and simpler than the

methods used heretofore wherein a temperature of about 2500 degrees must be obtained.

Another object of my invention is that inasmuch as the body may be pressed and sintered in a manner well known, it is possible to make the body into any desired form such as is obtained only with great difficulty when other processes are used.

In making the new alloy, pulverized tungstic carbide can be used as the main material which can be produced by carburizing tungstic powder from the gas phase, or by mixing the tungstic powder with carbon. The carbon may be of soot, sugar carbon, graphite and the like. A carbon content of 7 per cent has proved especially favorable, but it can be varied from 3 to 10 per cent.

A metal which can be reduced by hydrogen and which has a considerably lower melting point than the tungstic carbide is suitable for use as the auxiliary metal, for example, iron, cobalt or nickel. These metals may be in a finely divided form. The temperature at which the sintering occurs is affected by the quantity of the admixed auxiliary metal, which can be made as high as 10 per cent of the alloy. For instance, an admixture of 5 per cent cobalt has proved particularly favorable in which case a very hard and exceedingly compact product is produced. Instead of using a single auxiliary metal as those named in the foregoing, two or several of the auxiliary metals may be added to the tungstic powder in which case the auxiliary metals can be taken in any suitable ratio to each other, but they must not, all told, make up more than 10 per cent of the total quantity of the alloy. The sintering of the bodies, which bodies are formed for instance into a compact mass by hydraulic pressure can be effected by heating them in a protective atmosphere such as an atmosphere of hydrogen, nitrogen, argon, illuminating gas, carbonic oxide, or an admixture of such gases, or the sintering can be effected by embedding the bodies in carbon, graphite and the like. Suitable sintering temperature may be found between 1500 and 1600 degrees C.

When the mixed powdered tungsten carbide and auxiliary metal are heated to the sintering temperature of the mixture, the auxiliary metal, which in the mixing operation has become uniformly distributed throughout the composition,

acts to cement the minute tungsten carbide particles together. The binder thus formed in situ provides a substantially continuous matrix throughout the entire composition.

What I claim as new and desire to secure by Letters Patent of the United States is:

1. A hard metal alloy comprising a carbide of tungsten, the carbon content of which ranges from 3 to 10% of the carbide, said alloy having, in addition, a metal of a considerably lower melting point than the carbide, said metal [fol. 28] forming not more than 10% of the alloy.

2. A hard metal alloy comprising a carbide of tungsten, the carbon content of which ranges from 3 to 10% of the carbide, said alloy having a metal of the iron group, the latter forming not more than 10% of the alloy.

3. A hard metal alloy comprising a carbide of tungsten, the carbon content of which ranges from 3 to 10% of the carbide, said alloy having iron, the latter forming not more than 10% of the alloy.

4. The method of making an alloy of a carbide of tungsten and a metal which consists in bringing together a pulverized tungsten carbide and a quantity of finely divided metal having a considerably lower melting point than said carbide, mixing said materials and pressing them into forms and heating the forms to sintering temperature.

5. The method of making an alloy of a carbide of tungsten and a metal which consists in bringing together a pulverized tungsten carbide, said carbide having a carbon content within the ranges of from 3 to 10%, and a quantity of finely divided metal of the iron group, said metal not exceeding 10% of the alloy, mixing said materials and pressing them into forms and heating the forms to sintering temperature.

6. A hard metal alloy consisting of a mixture of tungsten carbide and a metal with a melting point considerably lower than that of the carbide, the proportions of the tungsten carbon and of the metal being respectively not less than 80% of tungsten, at least 2.7% but not more than 9.8% of carbon and an appreciable amount but not more than 10% of the metal.

7. A sintered hard metal composition comprising a carbide of tungsten and a metal of a considerably lower melting point than the carbide, said metal forming not more than 10% of the composition, the carbon, in said composition varying from about 2.7% to about 9.8% of said composition.

8. A sintered hard metal composition comprising tungsten carbide and a metal of the iron group, the latter forming not more than 10% of the composition, the carbon in said composition varying from about 2.7% to about 9.8% of said composition.

9. A sintered hard metal composition consisting of tungsten carbide and a metal having a melting point considerably lower than that of the carbide, said composition containing not less than 80% of tungsten, at least 2.7% but not more than 9.8% of carbon and not more than 10% of said metal.

10. A sintered hard metal composition consisting substantially entirely of tungsten-carbide and metal of the iron group, said metal of the iron group forming an appreciable amount but not more than 10% of said composition, the carbon in said composition varying from about 2.7% to about 9.8% of said composition.

11. A compact, hard, metal composition consisting of a sintered mixture of pulverized tungsten carbide and a quantity of finely divided auxiliary metal from a group consisting of cobalt, iron and nickel, said auxiliary metal forming not more than 10% of said composition, and the carbon in said composition varying from about 2.7% to 9.8%.

12. A compact, hard, metal composition consisting mainly of minute tungsten carbide particles cemented together with metal whose chief constituent comes from a group consisting of cobalt, iron and nickel, said metal forming a substantially continuous matrix throughout said composition, said metal forming not more than 10% of said composition and the carbon in said composition varying from about 2.7% to about 9.8%.

13. A compact, strong, hard, metal composition consisting substantially of tungsten carbide particles and a binder,

said binder formed in situ and having a lower melting point than said carbide, said binder forming not more than 10% of said composition and the carbon in said composition varying from about 2.7% to about 9.8%.

In witness whereof, I have hereunto set my hand this 21st day of June, 1929.

Karl Schröter.

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[fol. 29] IN UNITED STATES DISTRICT COURT

PETITION FOR APPEAL—Filed Oct. 7, 1931

The above defendants, The Marvel Rare Metals Company, The Ohio Instrument Manufacturing Company, Charles L. Gebauer, and Charles Frederick William Bates, considering themselves aggrieved by the decree of this Honorable Court filed and entered herein on the 9th day of September, 1931 dismissing defendants' counterclaim, do hereby appeal to the United States Circuit Court of Appeals for the Sixth Circuit, and pray that their appeal may be allowed and citation granted, directed to General Electric Company and Carboloy Company, Inc., plaintiffs, and each of them, commanding them to appear before the said United States Circuit Court of Appeals for the Sixth Circuit to do and receive what may appertain to justice to be done in the premises, and that a transcript of the pleadings, proofs, exhibits, records, opinion, decree, and procedures in said cause duly authenticated, may be sent to the United States Circuit Court of Appeals for the Sixth Circuit.

Harold Elno Smith, Attorney for Defendants.

Cleveland, Ohio, October 7, 1931.

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[fol. 30] IN UNITED STATES DISTRICT COURT

ASSIGNMENT OF ERRORS—Filed Oct. 7, 1931

Now come The Marvel Rare Metals Company; The Ohio Instrument Manufacturing Company; Charles L. Gebauer; and Charles Frederick William Bates, appellants, and in

connection with their Petition for Appeal file this their Assignment of Errors:

1. The District Court erred in dismissing defendants' counterclaim;

2. The District Court erred in not finding and holding that the cause of action set forth in defendants' counterclaim arises out of the transaction which is the subject matter of the suit and is hence specifically required to be set up in defendants' answer in accordance with Equity Rule 30;

3. The District Court erred in not finding and holding that this suit and counterclaim is essentially one for "interfering patents" under R. S. 4918, (U. S. Code, Title 35, Sec. 66) and that the defendants' counterclaim is designed chiefly to enable the Court to afford afirmative action in behalf of the defendants in case it shall appear that the negative relief provable under the defendants' answer constitute less than complete justice to the defendants;

4. The District Court erred in not ordering this cause set for trial on bill, answer, counterclaim, and proofs.

Harold Elno Smith, Attorney for Defendants.

Cleveland, Ohio, October 7, 1931.

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[fols. 31 & 32] IN UNITED STATES DISTRICT COURT

ORDER ALLOWING APPEAL—Entered Oct. 7, 1931, by Paul Jones, Judge

This cause having come before me on the Petition for Appeal by the defendants in the above entitled cause, it is hereby ordered that the appeal be allowed as prayed for, and that defendants file a proper bond in the sum of $500.00, with securities satisfactory to this Court, to assure the payment of costs in case this appeal be not prosecuted to success by the said defendants.

Cleveland, Ohio, October 7th, 1931.

5—57

Bond on appeal for $500.00, approved and filed October 7, 1931, omitted in printing.

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[fols. 33 & 34] Citation, in usual form, showing service on Squire, Sanders & Dempsey, omitted in printing.

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[fol. 35] In United States District Court

Præcipe for Transcript—Filed Oct. 7, 1931

Hon. Fred J. Denzler, clerk:

You are requested to make a transcript of record to be filed in the United States Circuit Court of Appeals for the Sixth Circuit, pursuant to an appeal allowed in the above entitled cause, and to include in such transcript of record the following and no other papers or exhibits, to-wit:

Bill of Complaint.
Answer.
Defendants' Exhibit No. 1, Patent No. 1,359,353.
Defendants' Exhibit No. 6, Patent No. 1,549,615.
Defendants' Exhibit No. 7, Patent No. 1,721,416.
Defendants' Exhibit No. 8, Patent No. Re. 17,624.
Plaintiffs' motion to dismiss counterclaim.
Defendants' motion to amend answer.
Opinion of Court. (None.)
Order dismissing counterclaim and allowing amendment.
Petition for appeal.
Assignment of errors.
Order allowing appeal.
Appeal bond.
Citation and proof of service thereof.
This Præcipe.
Stipulation re certification of record.
Certificate of Clerk.

Yours very truly, Harold Elno Smith, Attorney for Defendants.

Approved on condition that the same is without waiver of the appellees' right to move for a dismissal of the appeal.

Squire, Sanders & Dempsey, Attorneys for Appellees.

[fol. 36] IN UNITED STATES DISTRICT COURT

ORDER EXTENDING TIME FOR FILING TRANSCRIPT OF RECORD IN UNITED STATES CIRCUIT COURT OF APPEALS—Entered November 6, 1931, by Paul Jones, Judge

Upon application made and for good cause shown, it is ordered that the time for filing the transcript of record in the above entitled cause in the United States Circuit Court of Appeals for the Sixth Circuit be extended from November 6, 1931 to December 1, 1931.

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IN UNITED STATES DISTRICT COURT

STIPULATION RE CERTIFICATION OF RECORD—Filed Nov. 21, 1931

In accordance with Section 6 of Rule 44 of the general rules of this Court, it is hereby agreed that the record as presented to the Clerk by the printer, may be certified by the Clerk as required by law and the rules of the Appellate Court, as a true, full and complete copy of the original pleadings, papers and orders used on the trial of this cause, as set forth in the pr-ecipe for transcript, without further comparison by the Clerk, on condition that the same is without waiver of the appellees' right to move for a dismissal of the appeal.

Harold Elno Smith, Attorney for Defendants-Appellants. Squire, Sanders & Dempsey, Attorneys for Plaintiffs-Appellees.

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[fols. 37 & 38] Clerk's certificate to foregoing transcript omitted in printing.

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[fol. 39] IN UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT

MOTION TO DISMISS AND NOTICE—Filed December 17, 1931

SIR: Please take notice that the annexed motion to dismiss the appeal in the above entitled cause will be brought on for hearing before the United States Circuit Court of Appeals, for the Sixth Circuit, at the Court House, Federal

Building, Cincinnati, Ohio, on January 5, 1932, at the opening of court, or as soon thereafter as counsel can be heard.

Oral argument is requested.

Watson, Bristol, Johnson & Leavenworth, Lawrence Bristol, Squire, Sanders & Dempsey, Counsel for Appellees.

To Harold Elno Smith, Esquire, Counsel for Appellants.

Service of a copy of the foregoing Notice of Hearing and Motion annexed is acknowledged this 16 day of December, 1931.

Harold Elno Smith, Counsel for Appellants.

Now come the appellees in the above entitled cause, by their counsel, and move that the appeal herein be dismissed on the ground that the order of the District Court dismiss-[fol. 40] ing the counterclaim, filed by the defendants in the court below, is not appealable until after the entry of the final decree in the case.

Watson, Bristol, Johnson, & Leavenworth, Lawrence Bristol, Squire, Sanders & Dempsey, Counsel for Appellees.

Dated at Cleveland, Ohio, this 16th day of December, 1931.

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IN UNITED STATES CIRCUIT COURT OF APPEALS

PROTEST AGAINST ORAL ARGUMENT ON MOTION TO DISMISS—Filed December 22, 1931

To the Honorable the Judges of the United States Circuit Court of Appeals for the Sixth Circuit:

Counsel for the appellees have given notice of a motion to be brought on for hearing on January 5, 1932 to dismiss the appeal in the above entitled cause and that they have requested the privilege of oral argument thereon. The appellants respectfully submit that apparently no peculiar condition exists in this case rendering oral argument any more necessary here than in other cases, and that no reason

exists for diverging from the established practice of the Court in this respect, as set forth in Rule 24. If for any reason the Court desires to hear orally from the appellants' counsel, he will be very glad indeed to comply with the Court's desire; but so far as the merits of the situation are concerned there would seem to be nothing that cannot perfectly well be submitted on paper, with a substantial saving in the time of the Court, and with substantial economy in expense to the appellants who, unfortunately, have only comparatively slender financial resources.

Very respectfully, by Harold Elno Smith, Counsel for Appellants.

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[fol. 41] IN UNITED STATES CIRCUIT COURT OF APPEALS

CAUSE SUBMITTED ON MOTION TO DISMISS—Feb. 3, 1932

Before Hicks, Hickenlooper, and Simons, JJ.

This cause is submitted on motion to dismiss without oral argument.

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IN UNITED STATES CIRCUIT COURT OF APPEALS

DECREE—Filed March 11, 1932

Appeal from the District Court of the United States for the Northern District of Ohio

This cause came on to be heard on the transcript of the record from the District Court of the United States for the Northern District of Ohio.

On consideration whereof, it is now here ordered, adjudged and decreed by this Court that the motion to dismiss be denied, and the order of the District Court dismissing the counterclaim be reversed and this cause remanded.

IN UNITED STATES CIRCUIT COURT OF APPEALS

OPINION—Filed March 11, 1932

Before Hicks, Hickenlooper, and Simons, Circuit Judges

Per CURIAM:

The General Electric Company and the Carboloy Co., Inc., having brought their bill against The Marvel Rare Metals Company and others for patent infringement, the defendants filed an answer and counterclaim, alleging in the counter aim that complainants were infringing certain [fol. 42] letters patent theretofore issued to, and then owned by, Charles L. Gebauer, one of the defendants, "subject only to an exclusive oral license from Charles L. Gebauer unto The Marvel Rare Metals Company, defendant, and The Ohio Instrument Manufacturing Company, defendant." On motion of the complainants the court below dismissed the counterclaim as not germane to the cause of action set forth in the bill of complaint. The defendants appealed. Appellees move to dismiss the appeal.

In No. 6074 the situation is therefore identical with that confronting the court in Naivette, Inc. v. The Philad Co., 54 F. (2d) 623, and no sound reason has been presented why the court should not follow the same course as was there pursued. The motion to dismiss is therefore denied, the order of the District Court dismissing the counterclaim is reversed, and said cause is remanded to permit all issues to be disposed of in the original proceeding. Compare, Leman, et al. v. Krentler-Arnold Hinge Last Co., — U. S. — (Decided Feb. 15, 1932).

No. 6075 is an application by The Marvel Rare Metals Company and its co-defendants for a writ of prohibition to stay hearing upon the bill of complaint in the infringement action pending disposition by this court of the appeal therein (No. 6074). No action has been taken by the District Court since the filing of such petition for writ of prohibition, and the court having now disposed of appeal No. 6074, and having remanded the cause for the purpose above set forth, the decision of the issues raised by the petition for writ of prohibition is unnecessary. The questions dis-

cussed having, in a very true sense, become moot, the petition is dismissed.

No. 6074, reversed and remanded.

No. 6075, dismissed.

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[fol. 43] [File endorsement omitted]

IN UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT

No. 6074

THE MARVEL RARE METALS COMPANY et al., Appellants,

v.

GENERAL ELECTRIC COMPANY et al., Appellees

PETITION FOR REHEARING—Filed April 1, 1932

To the Honorable Judges of the United States Circuit Court of Appeals for the Sixth Circuit:

Your petitioners, General Electric Company and Carboloy Company, Inc., deeming themselves aggrieved by the judgment and opinion of this court filed in the above-entitled cause on March 11, 1932, respectfully pray for a rehearing, or more properly a hearing so far as the decision purports to reverse the order of the District Court dismissing the counterclaim and remand the cause to permit all issues to be disposed of in the original proceeding.

The grounds of this petition are as follows:

1. The court has decided the appeal without having received briefs or oral argument on the merits either from the appellants or from the appellees. The court had before it only a motion to dismiss the appeal, and its opinion is not confined to the disposition of that motion.

[fol. 44] 2. The case of Naivette, Inc. v. The Philad Company, 54 F. (2d) 623, 624, which the court erroneously says is identical with the present case, and which it purports to follow, did not present and could not present the point of law upon which the determination of the present appeal

depends; and therefore affords no precedent for reversing the order of the District Court from which the present appeal has been prosecuted.

3. This court's statement, that the court below dismissed the counterclaim as not germane to the cause of action set forth in the bill of complaint, must be based on a misunderstanding as it is unsupported by the record and is contrary to the record.

A memorandum in support of this petition is appended hereto.

General Electric Company and Carboloy Company, Inc., by Watson, Bristol, Johnson & Leavenworth, Lawrence Bristol, Counsel.

Certificate of Counsel

I, Lawrence Bristol, of counsel for the above-named General Electric Company and Carboloy Company, Inc., do hereby certify that the foregoing petition for a rehearing of this cause is presented in good faith and not for delay.

Lawrence Bristol.

[fol. 45] Memorandum in Support of Petition for Rehearing

In form the present application is a petition for rehearing of the decision and opinion of this court filed March 11, 1932, in No. 6074. In fact it is also a petition for a hearing.

I

The court had before it for disposition in No. 6074 a motion to dismiss the appeal and nothing else. In denying that motion this court reached a result exactly contrary to that reached by the Circuit Court of Appeals for the Second Circuit in Allied Metal Stamping Co., Inc. v. Standard Electric Equipment Corporation, 55 F. (2d) 221, decided January 14, 1932. The lack of any mention of the Second Circuit case in this court's opinion prompts us to suggest that it may have been overlooked, and that this court may wish to set forth its reasoning in arriving at the opposite result, for the benefit, not only of the litigants, but of the Second Circuit, and of the Supreme Court if the case should be taken up on writ of certiorari.

No briefs on the merits of the appeal have been filed either by appellants or appellees. No oral argument has been had. Yet the court has proceeded to dispose of the motion to dismiss the appeal and has then gone on summarily to reverse the order appealed from. In doing so it has placed its principal reliance upon the case of Naivette Inc. v. The Philad Co., 54 F. (2d) 623, 624, stating that that case is identical with the instant case, whereas in fact that case did not present and could not present the point of law which is involved in the present appeal.

Such procedure in summarily reversing without giving any opportunity to present briefs and argument and with-
[fol. 46] out consideration of arguments which might be presented in briefs on the merits, is, we submit with the utmost deference, contrary to customary usages, and inconsistent with the rules of this court.

In compliance with Rule 24 of this court the appellees filed a motion to dismiss the appeal and submitted a brief in support of that motion. The appellants submitted a brief in opposition, and appellees a reply brief. Under date of January 12, 1932, the clerk advised counsel for both sides that the court would take the motion to dismiss on February 2nd on typewritten briefs without oral argument.

None of the steps provided for by other rules of this court in connection with briefs and hearing on the merits of the appeal has as yet been taken by either side.

Rule 20 of this court provides that counsel for the appellant shall file a printed brief within twenty-five days after the filing of the printed record, and shall also file proof of service upon adverse counsel. No such brief has been filed or served. The rule provides, also, that within thirty days after service of appellant's brief, counsel for appellee shall file a printed brief with proof of service. No such brief has been filed or served. Further, the rule provides that when an appellant is in default in filing a brief, a case may be dismissed on motion or further time may be granted; and when an appellee is in default the appellant may move for summary judgment of reversal. No such motion has been made by either side.

Rule 22 of this court provides that when a case is called for hearing, if there is no appearance for either party the

case will be dismissed. The case has not been called for hearing.

Rule 23 of this court provides that cases will not be taken upon briefs without oral argument except by permission of [fol. 47] the court on special application made before the case is reached. There have been neither briefs nor oral argument on this appeal nor special application or permission to submit on briefs.

In view of the fact that there have been no briefs and no hearing on the merits of the appeal, we ask that this court grant a rehearing of its decision, or more properly speaking, a hearing.

II

Naivette, Inc. v. The Philad Co., 54 F. (2d) 624, does not present and could not present the point involved in the present appeal. In that case the bill of complaint alleged that both plaintiffs were Ohio corporations having their principal places of business at Cleveland, Ohio. (Record in No. 5794, p. 2.) They brought their suit in the District Court for the Northern District of Ohio, Eastern Division, within which Cleveland is situated. The defendant asserted a counterclaim asking for injunctive relief. The plaintiffs did not and could not object to the Northern District of Ohio as the proper venue, for that was the very District prescribed by statute (Tit. 28 U. S. Code §41, §109, §112) in which any independent suit in equity could be maintained against them.

In the instant case, however, the bill of complaint alleges that the plaintiffs are New York corporations having their principal offices and places of business at Schenectady and New York City respectively. The answer and counterclaim, even as amended, add nothing to these allegations. The counterclaim does not allege that the plaintiffs or either of them are inhabitants of the Northern District of Ohio or [fol. 48] have committed acts of infringement therein and have regular and established places of business therein. In any independent suit in equity for patent infringement such allegations and proof are essential to maintenance of the suit if objection to the jurisdiction (venue) is made.

"Title 28 U. S. Code, §109. In suits brought for the infringement of letters patent the district courts of the United States shall have jurisdiction, in law or in equity, in the dis-

trict of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business."

See also Tyler Co. v. Ludlow-Saylor Wire Co., 236 U. S. 723; Robertson v. Railroad Labor Board, 268 U. S. 619. Such is the statutory right of any person sued for patent infringement. In the instant case the plaintiffs made timely objection to the jurisdiction (venue) as to defendant's counterclaim (Record, p. 15) and the District Court sustained the objection.

The question presented by this appeal is whether the provisions of Equity Rule 30 concerning counterclaims are so sweeping as to deprive a plaintiff, by the very fact of his bringing a suit for patent infringement, of his statutory right to object to the jurisdiction (venue) as to an independent suit in equity against him for infringement of a different patent. If they are so broad, they are beyond the rule-making power as conferring on the District Courts jurisdiction which they do not have by statute.

The Federal Equity Rules were promulgated by the Supreme Court under the authority conferred by §§913 and 917 of the Revised Statutes (Title 28, U. S. Code, §§723, [fol. 49] 730), and the Supreme Court's rule-making power was expressly limited to matters "not inconsistent with any law of the United States". To interpret Equity Rule 30 so as to make it confer jurisdiction on a District Court which has no jurisdiction under the provisions of the statute is to make it void. See the analogous case on the Admiralty Rules, Ex Parte Phenix Insurance Co., 118 U. S. 610 at 619-625. See also American Falls Milling Co. v. Standard Brokerage & Distributing Co., 248 Fed. 487 (8th C. C. A.) on the interpretation of Equity Rule 23.

This point was not and could not have been presented in Naivette v. Philad, and so could not have been decided. The plaintiffs there had no right to object to the jurisdiction (venue) because the suit itself was brought in the district of which they were inhabitants, and in which an independent suit in equity could be maintained against them under the statute.

Until Durabilt Steel Locker Co. v. Berger Mfg. Co., 21 F. (2d) 139, decided by Judge Westenhaver in 1927, is over-

ruled it stands as an authority squarely in support of the order appealed from. This court should not reach an exactly contrary result without a hearing and without any expression of its reasons.

The question presented by the present appeal has not been decided by the Supreme Court. In the case of Leman v. Krentler-Arnold Hinge Last Co., — U. S. — (decided February 15, 1932), the plaintiff in the District Court had waived its objection to the jurisdiction (venue) by going to trial on the merits of the bill and the counterclaim and waiting until seven months thereafter to raise any objection. See Krentler-Arnold Hinge Last Co. v. Leman, 13 F. (2d) 796, at 801, 802. In the case of Frank L. Young Co. v. McNeal-Edwards Co., 283 Fed. 298, cited in the Leman case, jurisdiction depended on the provisions of a Massachusetts statute and not upon a rule of court.

[fol. 50] III

The grounds of the motion in the court below to dismiss the counterclaim were (1) lack of jurisdiction, (2) misjoinder of parties, and (3) insufficiency to state a cause of action (Rec., pp. 15, 16). The second and third grounds were substantially eliminated as the result of defendants' amendment to their counterclaim (Rec., pp. 16, 17). There was no opinion, and the order appealed from merely sustained the motion without specifying the ground (Rec., p. 18). We regard it as made on the ground of lack of jurisdiction, and shall hope to sustain it on that ground when we are afforded a hearing.

The statement of this court that "the court below dismissed the counterclaim as not germane to the cause of action set forth in the bill of complaint" is unsupported by and contrary to the record. When this court made this statement the basis of the further statement, that "the situation [here] is identical with that confronting the court in Naivette, Inc. v. The Philad Co., 54 F. (2d) 623 [624]", and reversed the order appealed from it in effect rewrote Equity Rule 30.

The word "germane" does not appear in Equity Rule 30 at all; nor does the word "germane" accurately paraphrase the language of that rule. That rule expressly defines two classes of counterclaims. The first comprises "any counterclaim arising out of the transaction which is the subject-

matter of the suit", and such counterclaims must be set up in the answer. The second comprises any "counterclaim against the plaintiff which might be the subject of an independent suit in equity against him", and such counterclaims may be set up in the answer.

The question is not whether a particular counterclaim is "germane" to the cause of action set forth in the bill of complaint, though we think that in the Naivette case this [fol. 51] court may have intended to infer that any counterclaim which is "germane" is included within the broad interpretation of the words "arising out of the transaction which is the subject-matter of the suit." But to apply the word "germane" to the counterclaim here involved is illogical. The transaction which is the subject-matter of the suit is the infringement of plaintiffs' patents by the defendants. The counterclaim involves the alleged infringement by the plaintiffs of a different patent. The subject-matter of the counterclaim, it is conceded, might be the subject of an independent suit in equity in the New York District Court or in some other district where it can be alleged that the plaintiffs "have committed acts of infringement and have a regular and established place of business"; but it cannot be the subject of an independent suit in equity in the Northern District of Ohio, against plaintiffs' objection to the jurisdiction of that court. Stated otherwise, the defendants "may" set up as a counterclaim any equitable cause of action which might be the subject of an independent suit in equity in the district in which the original suit was brought, whether the counterclaim is "germane" to the cause of action set forth in the bill of complaint or not. But they cannot, over plaintiffs' objection to the jurisdiction, maintain a counterclaim for a cause of action which they could not prosecute as an independent suit in the district in which the original suit was brought. This construction makes Equity Rule 30 consistent with the statute; the other construction makes it inconsistent with the statute.

These and other points will be fully developed in the brief which will be filed and the argument which will be presented for the appellees if the court grants the accom- [fol. 52] panying petition and affords them, in accordance with customary practice and the rules of this court, an op-

portunity to be heard in support of the order of the District Court from which this appeal was taken.

Respectfully submitted.

Watson, Bristol, Johnson & Leavenworth, Lawrence Bristol, Counsel for General Electric Co. and Carboloy Company, Inc.

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[fol. 53] In United States Circuit Court of Appeals

Order Denying Rehearing—Filed April 14, 1932

The petition for rehearing of this cause is hereby denied.

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In United States Circuit Court of Appeals

Memorandum on Petition for Rehearing—Filed April 14, 1932

Counsel for appellees complain that the court, in passing upon motion to dismiss the appeal, proceeded to dispose of said appeal upon the merits without giving to counsel an opportunity to be heard or to submit briefs and without giving consideration to the fact that a question of venue is raised in the present case which did not appear in the case of Naivette, Inc. v. Philad Co., 54 F. (2d) 624.

Counsel apparently forget that the court discussed the case with them at length, in chambers, and explained in detail that no question of jurisdiction was raised and that objections to the venue of the court might be waived, and were waived, in our opinion, by the institution of suit. Since that conference the Supreme Court has rendered its decision in the case of Leman v. Krentler-Arnold Hinge Last Co., 284 U. S., where it is said:

"When the respondent brought suit in the federal district court for the District of Massachusetts, it submitted itself to the jurisdiction of the court with respect to all the issues embraced in the suit, including those pertaining to the counterclaim of the defendants, petitioners here. Equity Rule 30."

See also Young Co. v. McNeal-Edwards Co., 283 U. S. 398, 400 quoting Professor Langdell; and Chicago & N. W. Ry. v. Lindell, 281 U. S. 14, 17, speaking of the contrary doctrine as "pernicious" and citing early Supreme Court cases. The principle adduced from these decisions is that where the court has jurisdiction, venue is waived in respect of all [fol. 54] counterclaims permissible under Equity Rule 30, and, as explained in American Mills Co. v. American Surety Co., 260 U. S. 360, the defendant in an action in equity may, without cross-bill, set out any set-off or counterclaim against the plaintiff which might be the subject of an independent suit in equity against him, whether such set-off or counterclaim grows out of the subject-matter of the bill or not. In this manner all equitable issues capable of trial between the parties may be settled in one proceeding, even though they are not related, and venue of the court is attributable to the act of plaintiff in the filing of his original bill.

The doctrine announced in Durabilt Steel Locker Co. v. Berger Mfg. Co., 21 F. (2d) 139 (D. C. N. D. O.) is disapproved. This being the already announced position of this court, no good reason is suggested why final disposition of all issues between the parties in the District Court should be further delayed by the extension of time for filing briefs or presenting oral argument.

It is therefore ordered, that the petition for rehearing herein be and the same is hereby denied.

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Clerk's certificate to foregoing transcript omitted in printing.

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[fol. 55] SUPREME COURT OF THE UNITED STATES

ORDER ALLOWING CERTIORARI—Filed May 31, 1932

The petition herein for a writ of certiorari to the United States Circuit Court of Appeals for the Sixth Circuit is granted. And it is further ordered that the duly certified copy of the transcript of the proceedings below which ac-

companied the petition shall be treated as though filed in response to such writ.

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Endorsed on cover: File No. 36,736. U. S. Circuit Court of Appeals, Sixth Circuit. Term No. 57. General Electric Company and Carboloy Company, Inc., petitioners, vs. The Marvel Rare Metals Company, The Ohio Instrument Manufacturing Company, Charles L. Gebauer, et al. Petition for a writ of certiorari and exhibit thereto. Filed May 7, 1932. File No. 36,736.

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# Supreme Court of the United States

OCTOBER TERM, 1931.

No. [redacted] 57

GENERAL ELECTRIC COMPANY AND
CARBOLOY COMPANY, INC.,
*Petitioners,*

*v.*

THE MARVEL RARE METALS COMPANY,
THE OHIO INSTRUMENT MANUFACTURING COMPANY,
CHARLES L. GEBAUER AND C. F. WILLIAM BATES,
*Respondents.*

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**PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT AND BRIEF IN SUPPORT THEREOF.**

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CHARLES NEAVE,
LAWRENCE BRISTOL,
*Counsel for Petitioners.*

The Evening Post Job Printing Office, Inc., 154 Fulton St., New York, N. Y.

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# Supreme Court of the United States

OCTOBER TERM, 1931.

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No.

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GENERAL ELECTRIC COMPANY and CARBOLOY COMPANY, INC.,
Petitioners,

v.

THE MARVEL RARE METALS COMPANY, THE OHIO INSTRUMENT MANUFACTURING COMPANY, CHARLES L. GEBAUER and C. F. WILLIAM BATES,
Respondents.

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## PETITION FOR WRIT OF CERTIORARI.

TO THE HONORABLE THE SUPREME COURT OF THE UNITED STATES:

Your petitioners, General Electric Company and Carboloy Company, Inc., respectfully pray for a writ of certiorari to the United States Circuit Court of Appeals for the Sixth Circuit to review a decree and an order of that court entered March 11, 1932 and April 14, 1932 respectively. A certified transcript of the record in the case, including the proceedings in said Circuit Court of Appeals, is furnished herewith in accordance with Rule 38 of the rules of this court.

## Summary Statement of the Matter Involved.

Petitioners seek to bring before this court for review decisions of the Circuit Court of Appeals for the Sixth Circuit denying a motion to dismiss an appeal taken, before the entry of final decree, from an order of the District Court dismissing a counterclaim, and reversing the order appealed from. The decision of the Sixth Circuit denying the motion to dismiss the appeal is in direct conflict with decisions in the Second Circuit, and the question involved has not been passed upon by this court.

The reversal of the order appealed from was made without the court having received or considered briefs or argument on the merits, and is in conflict with decisions of various lower courts on the important question whether a plaintiff in a suit in equity for patent infringement is deprived by Equity Rule 30 of his right under the provisions of Title 28, U. S. Code, § 109, to object to the maintenance of a counterclaim for infringement of a different patent, in a district where an independent suit in equity could not be maintained against him.

Your petitioners, General Electric Company and Carboloy Company, Inc.,[1] both New York corporations with their principal offices in the State of New York, filed their bill of complaint on May 22, 1931, in the United States District Court for the Northern District of Ohio, Eastern Division, against the respondents,[2] two Ohio corporations having regular and established places of business at Cleveland, Ohio, and two individuals, residents of Cleveland (Tr. p. 2). The bill charges infringement of patent rights of the plaintiffs, and asks an injunction and an accounting (Tr. pp. 2-6).

The defendants filed their joint answer setting up the defenses usual in patent suits (Tr. pp. 7-10) and asserting a counterclaim against the plaintiffs based on a different patent issued to one of the defendants (Tr. pp. 10-12). The

[1] Hereinafter referred to as plaintiffs.

[2] Hereinafter referred to as defendants.

counterclaim asked for an injunction against infringement of this patent and for an accounting (Tr. pp. 13 and 14), but no motion was ever made by the defendants for injunction *pendente lite.*

The plaintiffs moved to dismiss the counterclaim on the ground, among others, that the District Court had no jurisdiction thereof (Tr. p. 15). The counterclaim contained no allegation that the plaintiffs were inhabitants of the Northern District of Ohio, or that the plaintiffs had committed acts of alleged infringement and had regular and established places of business in the Northern District of Ohio (Tr. pp. 10-12). While that motion was pending, defendants moved for leave to amend their counterclaim, but without adding any allegations touching the jurisdictional question (Tr. pp. 16 and 17). The District Court permitted the amendment and dismissed the counterclaim (Tr. p. 18).

Within thirty days defendants took an appeal to the Circuit Court of Appeals for the Sixth Circuit from the order dismissing their counterclaim (Tr. pp. 29-33), purporting to do so under the provisions of Title 28, U. S. Code, Sec. 227 relating to appeals from interlocutory orders.

Thereupon plaintiffs moved in the Circuit Court of Appeals to dismiss the appeal on the ground that the order in question was not appealable until after the entry of final decree (Tr. pp. 39, 40). That court took the motion under advisement on briefs, without oral argument (Tr. p. 41), and on March 11, 1932, handed down an opinion and entered a decree (Tr. pp. 41, 42) denying the motion to dismiss the appeal, and summarily reversing the order appealed from without giving plaintiffs an opportunity to submit briefs or present oral argument on the merits.

Plaintiffs presented a petition for rehearing (Tr. pp. 43-52). The Sixth Circuit Court of Appeals filed the memorandum and entered the order of April 14, 1932 (Tr. pp. 53, 54) denying the petition for rehearing and setting forth its reasons for summarily reversing the order appealed from.

## Reasons Relied on for the Allowance of the Writ.

The discretionary power of this court to grant a writ of certiorari is invoked upon the following grounds as set forth in Rule 38 of this court:

1. That the Circuit Court of Appeals for the Sixth Circuit, in holding that the dismissal of the defendants' counterclaim was appealable before the entry of final decree, has rendered a decision in conflict with the decisions of the Circuit Court of Appeals for the Second Circuit on the same issue, in *Allied Metal Stamping Co., Inc.* v. *Standard Electric Equipment Corporation,* 55 F. (2d) 221, and *Radio Corporation of America, et al.* v. *J. H. Bunnell & Co., Inc. et al.,* 298 Fed. 62.

2. That the Circuit Court of Appeals for the Sixth Circuit, in denying plaintiffs' motion to dismiss the appeal in the instant case in conflict with decisions on the same point by the Circuit Court of Appeals for the Second Circuit, has decided, erroneously as we believe, an important question of federal law which has not been, but should be, settled by this court, namely, whether an order dismissing a counterclaim is appealable under the provisions of Section 227 of Title 28 U. S. Code (formerly Section 129, Judicial Code), before entry of final decree.

3. That the Circuit Court of Appeals for the Sixth Circuit, in reversing the order of the District Court dismissing the respondents' counterclaim, has decided, erroneously as we believe, an important question of federal law which has not been, but should be, settled by this court, namely, whether a plaintiff who brings a suit in equity for patent infringement against a defendant in the district of which the defendant is an inhabitant, is deprived by Equity Rule 30 of his right under the provisions of the statute (28 U. S. Code,

Sec. 109) to object to the maintenance of a counterclaim for infringement of a different patent in that forum on the ground that the plaintiff is not an inhabitant of that district and is not alleged to have committed acts of infringement and to have a regular and established place of business therein.

WHEREFORE, your petitioners respectfully pray that a writ of certiorari be issued under the seal of this court directed to the United States Circuit Court of Appeals for the Sixth Circuit sitting at Cincinnati, Ohio, commanding said court to certify and send to this court on a day to be designated a full and complete transcript of the record and all proceedings of said Circuit Court of Appeals had in this cause, to the end that this cause may be reviewed and determined by this court; that the decree of said Circuit Court of Appeals be reversed; and that your petitioners be granted such other and further relief as may seem just and proper.

New York, N. Y., May 6, 1932.

GENERAL ELECTRIC COMPANY AND
CARBOLOY COMPANY, INC.,
By
CHARLES NEAVE
LAWRENCE BRISTOL
Counsel for Petitioners.

# Supreme Court of the United States

OCTOBER TERM, 1931.

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No. .

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GENERAL ELECTRIC COMPANY and CARBOLOY COMPANY, INC.,
Petitioners,

v.

THE MARVEL RARE METALS COMPANY, THE OHIO INSTRUMENT MANUFACTURING COMPANY, CHARLES L. GEBAUER and C. F. WILLIAM BATES,
Respondents.

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## BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

### The Opinions of the Courts Below.

The District Court for the Northern District of Ohio (Judge Paul Jones) wrote no opinion in granting petitioners'[1] motion to dismiss respondents'[2] counterclaim. The order entered will be found at page 18 of the transcript.

The first opinion of the Circuit Court of Appeals for the Sixth Circuit, filed on March 11, 1932, is printed at pages 41-42 of the transcript. It has not yet been reported.

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[1] Petitioners were plaintiffs in the District Court and are hereinafter referred to as plaintiffs.

[2] Respondents were defendants in the District Court and are hereinafter referred to as defendants.

The second opinion of the Circuit Court of Appeals for the Sixth Circuit, filed on April 14, 1932, is printed at pages 53-54 of the transcript. It has not yet been reported.

## Jurisdiction.

1. The jurisdiction of this Court is invoked under Title 28 U. S. Code, Sec. 347.

2. The date of the decisions sought to be reviewed are March 11, 1932 (Tr. p. 41), and April 14, 1932 (Tr. p. 53).

3. The decisions below are in conflict, on an important question of federal law, with the decisions of the Circuit Court of Appeals for the Second Circuit in *Radio Corporation of America, et al.* v. *J. H. Bunnell & Co., Inc., et al.*, 298 Fed. 62, and *Allied Metal Stamping Co., Inc.* v. *Standard Electric Equipment Corporation*, 55 (2d) 221.

4. The decisions below are also in conflict, on another important question of federal law, with other decisions of other courts as follows:

*Allied Metal Stamping Co. Inc.* v. *Standard Electric Equipment Corporation*, 53 F. (2d) 646 (E. D. N. Y.); appeal dismissed 55 F. (2d) 221.

*Ohio Brass Co.* v. *Hartman Electrical Mfg. Co.*, 243 Fed. 629 (D. C. Ohio) and cases cited therein on page 630.

*Durabilt Steel Locker Co.* v. *Berger Mfg. Co.*, 21 F. (2d) 139 (D. C. Ohio), disapproved in the instant case (Tr. p. 54).

*Parker Pen Co.* v. *Rex Mfg. Co.*, 11 F. (2d) 533 (D. C. R. I.), cited, apparently with disapproval, in *Krentler-Arnold Hinge Last Co.* v. *Leman*, 13 F. (2d) 796.

## Statement of the Case.

To avoid repetition reference is made to the petition for writ of certiorari, p. 2, *supra*, for a statement of the case.

## Specification of Errors.

1. The Circuit Court of Appeals for the Sixth Circuit erred in denying plaintiffs' motion to dismiss defendants' appeal from the order of the District Court dismissing defendants' counterclaim.

2. The Circuit Court of Appeals for the Sixth Circuit erred in summarily reversing the order of the District Court appealed from.

## POINT I.

**The decision of the Sixth Circuit is in conflict with decisions of the Second Circuit as to the appealability, before final decree, of an order dismissing a counterclaim.**

The statute under which the Circuit Court of Appeals for the Sixth Circuit assumed jurisdiction to hear the appeal in the instant case is Title 28 U. S. Code, Section 227. Its provisions, so far as applicable, are as follows:

> "§ 227. *Appeals in proceedings for injunctions and receivers.* Where, upon a hearing in a district court, or by a judge thereof in vacation, an injunction is granted, continued, modified, refused, or dissolved by an interlocutory order or decree, or an application to dissolve or modify an injunction is refused, * * * an appeal may be taken from such interlocutory order or decree to the circuit court of appeals; * * * The appeal to the circuit court of appeals must be applied for within thirty days from the entry of such order or decree, and shall take precedence in the appellate court; * * *."

These provisions were derived from Sec. 129 of the Judicial Code and the various amendments thereof.

The Circuit Court of Appeals for the Second Circuit in *Allied Metal Stamping Co. Inc.* v. *Standard Electric Equipment Corporation,* 55 F. (2d) 221, held, under the same statutory provisions, that an order dismissing a counterclaim, where no application for injunction *pendente lite* had been made, was not appealable until after final decree.

The provisions of this statute now in force are substantially identical with the provisions of Judicial Code, Sec. 129, which were in force in 1924 when the Circuit Court of Appeals for the Second Circuit in *Radio Corporation of America* v. *J. H. Bunnell & Co., Inc.,* 298 Fed. 62, decided the same question in the same way. This court denied a petition for a writ of certiorari to review that decision in the Second Circuit. 269 U. S. 565. In the *Allied Metal Stamping Co.* case, the Circuit Court of Appeals for the Second Circuit followed its previous decision in *Radio Corporation* v. *Bunnell.*

In the instant case the Circuit Court of Appeals for the Sixth Circuit has reached the opposite result, citing as its only authority its own previous decision in *Naivette Inc.* v. *The Philad Co.,* 54 F. (2d) 623. We quote from that opinion:

> "It is conceded that the order striking out the counterclaim was not final, but was interlocutory, and that the appeal therefore can rest only upon section 129 of the Judicial Code, being section 227 of title 28, USCA. The question is whether, in effect, an interlocutory injunction was refused. No motion for such injunction had been made by defendant; but, as the greater includes the less, striking out the counterclaim amounted to the advance denial of any such motion. Whether such action should be considered as a refusal to grant an interlocutory injunction, is not entirely clear, upon the language of the section. In a somewhat similar case in the Circuit Court of Appeals of the Second Circuit (*Radio Corp.* v. *Bunnell & Co.,* 298 F. 62), the right of appeal was denied; but in that case the prayer for injunction under the counterclaim seems to have been

rather incidental, and the dismissal of the counterclaim was not therefore characteristically a refusal of the injunction; while here the only equitable relief sought by the counterclaim was the injunction, and the dismissal of the counterclaim was, in ultimate effect, nothing but a denial of the injunction."

The attempt to distinguish *Radio Corporation* v. *Bunnell* is wholly specious. The Second Circuit pointed out the substantial identity of the two cases in its opinion in *Allied Metal Stamping Co.* v. *Standard,* 55 F. (2d) 221:

> "The case is ruled by our decision in *Radio Corporation of America* v. *J. H. Bunnell & Co.,* 298 F. 62. Since then the Circuit Court of Appeals for the Sixth Circuit has decided the other way in a substantially similar case, *Naivette, Inc.,* v. *Philad Co.* (C. C. A.) 54 F. (2d) 623, May 15, 1931. The question is whether the dismissal for jurisdictional reasons of a counterclaim praying an injunction is a refusal to grant an interlocutory injunction. Jud. Code § 129 (section 227, tit. 28, U. S. Code, 28 USCA § 227). Whatever we might think of this as a new matter, it does not seem to us that the question is so clear as to require us to overrule our former decision."

Though the *Allied Metal Stamping Co.* case and the *Radio Corporation* case were called to its attention in briefs (cf. Tr. p. 45), the Circuit Court of Appeals for the Sixth Circuit refrained from mentioning either in its opinions in the instant case.

**The conflict goes to the jurisdiction of the Circuit Court of Appeals to entertain appeals from interlocutory orders.**

The Second Circuit has refused to entertain interlocutory appeals of the type here in question. The Sixth Circuit has assumed, erroneously as we believe, to exercise appellate jurisdiction in such cases. The question is important and has not been passed upon by this court.

The jurisdiction of the Circuit Courts of Appeals is purely statutory. It does not rest on any question of convenience

or inconvenience to the appellate court or to the district court or to the parties litigant.

Prior to the act of March 3, 1891 (26 Stat. 828) the Circuit Courts of Appeals had no jurisdiction to review any interlocutory order or decree of the federal courts of original jurisdiction except as such interlocutory order might be brought up on appeal from final decree. *Winters* v. *Ethell*, 132 U. S. 207. By that act a novelty was introduced into federal procedure in authorizing appeals from interlocutory orders or decrees *granting* or *continuing* an injunction. As to the scope of the review thus authorized, this court said in *Ex Parte National Enameling Co.*, 201 U. S. 156, at 161, 162:

> "It will be noticed that the appeal is allowed from an interlocutory order or decree granting or continuing an injunction, that it must be taken within thirty days, that it is given precedence in the appellate court, that the other proceedings in the lower court are not to be stayed, and that the lower court may require an additional bond. Obviously that which is contemplated is a review of the interlocutory order, and of that only. It was not intended that the cause as a whole should be transferred to the appellate court prior to the final decree. The case, except for the hearing on the appeal from the interlocutory order, is to proceed in the lower court as though no such appeal had been taken, unless otherwise specially ordered. It may be true, as alleged by petitioners, that 'it is of the utmost importance to all of the parties in said cause that there shall be the speediest possible adjudication by the United States Circuit Court of Appeals as to the validity of all of the claims of the aforesaid letters patent which are the subject matter thereof.' But it was not intended by this section to give to patent or other cases in which interlocutory decrees or orders were made any precedence. It is generally true that it is of importance to litigants that their cases be disposed of promptly, but other cases have the same right to early hearing. And the purpose of Congress in this legislation was that there be an immediate review of the interlocutory proceedings and not an advancement generally over other litigation."

In addition to the Second Circuit cases already referred to, the Circuit Court of Appeals for the Eighth Circuit in *Pierce* v. *National Bank of Commerce,* 282 Fed. 100, and the Circuit Court of Appeals for the Seventh Circuit in *Magnetic Manufacturing Co.* v. *Dings Magnetic Separator Co.,* 37 F. (2d) 709, have refused to entertain appeals where the order in question did not directly grant or refuse an injunction.

In the *Pierce* case the court distinguished sharply between that part of an interlocutory decree which denied an application for a temporary injunction and that part of the same order which struck out certain parts of the defendant's cross-complaint. It declined to review on appeal that part which struck out a portion of the cross-complaint; and an examination of the record on appeal (*Pierce* v. *National Bank of Commerce,* 282 Fed. 100) shows that the entire cross-bill was stricken out by the District Court for insufficiency. The cross-bill prayed an accounting, a marshalling of securities, and an injunction restraining the plaintiff from attempting to enforce payment of a judgment recovered against the defendant in another suit, and from prosecuting a suit against the surety on a supersedeas bond, and from making any application for cancellation of the license of the surety company to do business in Missouri.

In the *Magnetic Manufacturing Co.* case in the Seventh Circuit, the District Court had denied a petition for rehearing and for leave to file a supplemental answer on the basis of newly discovered evidence. The defendant, who was already under injunction, attempted to appeal under Title 28 U. S. Code, § 227. The Seventh Circuit Court of Appeals dismissed the appeal, saying, 37 F. (2d) 709 at 710:

> "What relief might have been considered, if the rehearing had been granted, it is unnecessary to determine, because, until a rehearing was granted, no other question could have been considered, and no other question was considered. That appellant did not expect the court to do more, on its petition for rehearing, than to grant the rehearing, is undeniable, because the first prayer of the petition is that appellant be permitted to file a sup-

plemental answer, therewith submitted, to the original complaint. The submitted answer pleaded the matters set up in the petition for a rehearing."

Thus the Second, Seventh and Eighth Circuits have declined to hear appeals from interlocutory orders which do not directly grant or refuse injunctions.

The Sixth Circuit has cited *Kelsey Wheel Co.* v. *Universal Rim Company,* 296 Fed. 616, 620, as a case analogous to the situation before it in *Naivette* v. *Philad,* 54 F. (2d) 623. The analogy is false, however, in that the *Kelsey* case involved an appeal in a patent case from an interlocutory decree made after final hearing which sustained some claims of a patent and granted an interlocutory injunction thereon and held other claims of the same patent invalid and dismissed the bill as to them. In that case the plaintiff had sought at final hearing to have an injunction issued against infringement of all of the claims in suit; and the District Court had granted the injunction as to some claims and refused it as to others. Both aspects of the decree were therefore fairly within the scope of § 129 of the Judicial Code and the Circuit Court of Appeals had jurisdiction to review both aspects of the decree, provided the parties took their appeals within the thirty-day period.

Section 129 of the Judicial Code or Section 227 of Title 28, U. S. Code, as it stands at the present time, is bilateral: The party applying for an injunction has an appeal if his application is denied; the opposite party has an appeal if the application is granted.

The granting of a temporary restraining order, however, is not appealable under § 129. *Peck* v. *Carter,* 223 Fed. 638 (9th C. C. A.); *Schainmann* v. *Brainard,* 8 F. (2d) 11 (9th C. C. A.).

Equity Rule 73 and 28 U. S. C. § 381 are entitled "Preliminary Injunctions and Temporary Restraining Orders". Both provide that no preliminary injunction shall be issued without notice to the opposite party. Both provide that temporary restraining orders may be granted without notice to

the opposite party under certain conditions, the gist of which is that the party placed under restraint shall have the right to a speedy hearing and the matter of the issuance of a preliminary injunction shall be set down for a hearing at the earliest possible time. Other sections of the same statute recognize and differentiate injunctions and temporary restraining orders, *e. g.*, 28 U. S. Code, §§ 378, 380, 382 and 383. But § 227 makes no reference to a temporary restraining order. The reason is obvious. Temporary restraining orders should be disposed of promptly by the District Courts and should be followed either by the granting or refusal of preliminary injunctions. In such a case the defeated party has an interlocutory appeal under § 227.

When the temporary restraining order—the first step in an application for injunction—is not appealable, how can there be an appeal where no step at all has been taken?

In the instant case no application for a preliminary injunction was ever made by the defendants. No notice was ever given to the plaintiffs, no hearing was ever had on any application for injunction. In short, nothing has been done which would bring the order appealed from within the purview of § 227.

The proceedings which led up to the order in question were plaintiff's motion to dismiss the counterclaim, and defendant's motion to amend the counterclaim. Both motions were granted. The granting of the motion to dismiss the counterclaim was neither the refusal nor the granting of an injunction; and if the decision had been the other way it likewise would not have been the granting or refusal of an injunction.

It is therefore respectfully submitted that this court should grant a writ of certiorari to correct the error of the Circuit Court of Appeals in denying plaintiff's motion to dismiss defendant's appeal, and to decide the conflict on this important question of jurisdiction between the Sixth Circuit and the Second Circuit.

## POINT II.

**Widespread conflict of decision as to the effect of Equity Rule 30 on Title 28, U. S. Code, § 109 makes a review by this court desirable.**

There has been and still is widespread conflict of decision as to the right of a plaintiff in a patent suit in equity to object to the maintenance by the defendant therein of a counterclaim for infringement of a different patent, where the plaintiff is not alleged to be an inhabitant of the district or to have committed acts of infringement and to have a regular and established place of business therein.

In the instant case the Sixth Circuit Court of Appeals reversed the District Court summarily on plaintiffs' motion to dismiss defendants' appeal (Tr. p. 41), without receiving briefs on the merits and hearing argument in open court as provided for in its own rules (Tr. pp. 43-47, 53, 54). It did so on the authority of a case in which the question was not and could not have been presented. It apparently gave scant consideration to the fact that the interpretation which it placed upon Equity Rule 30 brings that rule into contravention with existing provisions of statute (Tr. p. 53).

Title 28, U. S. Code, § 109 (formerly Judicial Code § 48), provides:

> "§ *109. Patent cases.* In suits brought for the infringement of letters patent the district courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business."

Equity Rule 30, so far as here material, provides:

> "The answer must state in short and simple form any counterclaim arising out of the transaction which is the subject-matter of the suit, and may, without cross bill,

> set up any set-off or counterclaim against the plaintiff which might be the subject of an independent suit in equity against him, and such set-off or counterclaim, so set up, shall have the same effect as a cross-suit, so as to enable the court to pronounce a final decree in the same suit on both the original and the cross-claims."

The lower courts are in extensive conflict as to whether Equity Rule 30 enables a defendant to maintain a counterclaim which he could not maintain as an independent suit against the plaintiff's objection based on Title 28 U. S. Code, § 109.

As the most recent instances of this conflict, aside from the instant case, we cite:

*Allied Metal Stamping Co. Inc.* v. *Standard Electric Equipment Corporation,* 53 F. (2d) 646 (E. D. N. Y.); appeal dismissed 55 F. (2d) 221. That case dismissed such a counterclaim.

*Rhodes-Hochriem Manufacturing Co.* v. *International Ticket Scale Corporation,* F. (2d) (D. C. Del.); decided April 6, 1932, and published in the United States Daily, April 30, 1932, page 4. That case denied a motion to dismiss such a counterclaim on this ground, though the motion was granted on another and entirely different ground.

For an extended list of the conflicting decisions, see *Parker Pen Co.* v. *Rex Manufacturing Co.,* 11 F. (2d) 533, at 536; *Ohio Brass Co.* v. *Hartman Electrical Mfg. Co.,* 243 Fed. 629, at 630; *Durabilt Steel Locker Co.* v. *Berger Mfg. Co.,* 21 F. (2d) 139.

No rule of court is competent to destroy the rights of a defendant under a statute. As this court said in *Washington-Southern Co.* v. *Baltimore Co.,* 263 U. S. 629, at 635:

> "But no rule of court can enlarge or restrict jurisdiction. Nor can a rule abrogate or modify the substantive law. This is true, whether the court to which the rules apply be one of law, of equity or of admiralty. It is true of rules of practice prescribed by this Court for inferior tribunals, as it is of those rules which lower courts make for their own guidance under authority conferred."

The Federal Equity Rules were promulgated by this court under the authority conferred by §§ 913 and 917 of the Revised Statutes (Title 28 U. S. Code, §§ 723, 730) and the rule-making power there conferred was expressly limited to matters "not inconsistent with any law of the United States".

The Circuit Court of Appeals for the First Circuit in *Krentler-Arnold Hinge Last Co.* v. *Leman,* 13 F. (2d) 796, at 801, has signified its acceptance of the view that by the very bringing of suit a plaintiff waives his statutory right to object to the maintenance of a counterclaim for a cause of action which could not be maintained in that district as an independent suit in equity. The actual decision, however, was founded on the fact that the plaintiff had filed an answer to the counterclaim and submitted to a trial and decision of the case upon its merits and had failed to take any action seeking to raise the question of jurisdiction until some seven or eight months after the trial, and had thereby waived any right it might have had to object to being sued on the counterclaim (13 F. (2d) at 801, 802).

This court has said, in *Leman* v. *Krentler-Arnold Hinge Last Co.,* U. S. 76 L. Ed. (Adv. Ops.) 336, at 338, a contempt proceeding growing out of the above case in the First Circuit:

> "When the respondent brought the suit in the Federal District Court for the District of Massachusetts, it submitted itself to the jurisdiction of the court with respect to all the issues embraced in the suit, including those pertaining to the counterclaim of the defendants, petitioners here. Equity Rule 30. See Langdell, Eq. Pl. chap. 5, § 119; *Frank L. Young Co.* v. *McNeal-Edwards Co.* 283 U. S. 398, 400, 75 L. ed. 1140, 1141, 51 S. Ct. 538."

The same waiver of the right to object to the jurisdiction was present and controlling in the case in this court, as in the case in the First Circuit.

The Sixth Circuit in *Naivette Inc.* v. *Philad,* 54 F. (2d) 624, has indicated its view that Equity Rule 30 is to be given the broadest scope. (The decision referred to is separate and

distinct from the decision referred to under Point I, which is reported at 54 F. (2d) 623.) The question as to the maintainability of a counterclaim, which the present petition seeks to have reviewed, was not presented and could not have been presented on the facts in *Naivette Inc.* v. *Philad,* 54 F. (2d) 624. In that case both plaintiffs were Ohio corporations having their principal places of business at Cleveland, Ohio, and they brought their suit in the District Court for the Northern District of Ohio, Eastern Division, in which Cleveland is situated. The defendant asserted a counterclaim asking for injunctive relief. The defendants did not and could not object to the Northern District of Ohio as the proper district, for that was the very district prescribed by Title 28 U. S. Code, §§ 41, 109, 112, in which any independent suit in equity could be maintained against them. The sole ground of objection made was that the cause of action set forth in the counterclaim was not germane to the cause of action set forth in the plaintiff's bill of complaint.

When the Sixth Circuit Court of Appeals said in its opinion in the instant case (Tr. p. 42):

> "In No. 6074 the situation is therefore identical with that confronting the court in *Naivette, Inc.* v. *The Philad Co.,* 54 F. (2d) 623, and no sound reason has been presented why the court should not follow the same course as was there pursued. The motion to dismiss is therefore denied, the order of the District Court dismissing the counterclaim is reversed, and said cause is remanded to permit all issues to be disposed of in the original proceeding."

it extended its decision in the *Naivette* case beyond the facts there involved and applied it as controlling authority on a question which was not and could not have been presented in that case. Furthermore, it did so summarily and without affording the plaintiffs opportunity to submit briefs on the question. It is submitted that such action taken in such a summary way is error and should be reversed.

This court in *Leman* v. *Krentler-Arnold* referred to Langdell's Equity Pleading, c. 5, § 119. There would seem to be a typographical error in the citation which probably should be § 149. It is of course true, as Langdell there says, that the best defense may sometimes be an attack, and to make an attack a defendant must resort to a cross-bill. The statutory provisions as to jurisdiction over cross-bills in England (and Langdell's Equity Pleading deals largely with English cases) have no application in the United States. Nor does Langdell go into any question of jurisdiction such as is presented in the instant case. However desirable it might seem, on purely theoretical considerations, to allow a defendant to make his attack by counterclaim, the existing provisions of statute as to jurisdiction must nevertheless be followed until they are changed by Act of Congress.

*Frank L. Young Co.* v. *McNeal Edwards Co.*, 283 U. S. 398, cited by this court in *Leman* v. *Krentler-Arnold*, upheld the constitutionality of a Massachusetts statute which provided that a non-inhabitant of the commonwealth who brought an action in the state should be held to answer any action brought against him by the defendant if the demands were of such a nature that the judgment in the one case might be set off against the judgment in the other, and authorized service of process on the attorney of record for the plaintiff in the original action. Under that statute and the Conformity Act this court held that the United States District Court in Massachusetts had acquired jurisdiction over a Virginia corporation which had brought an action at law in Massachusetts and thereby subjected itself to the cross action at law, process in the latter action having been served on the attorneys of record for the Virginia corporation in its original action. Though this court referred to the policy of the Massachusetts statute as embodied in Equity Rule 30, we point out that the actions were at law, and that jurisdiction over the Virginia corporation depended not upon a rule of court but upon a Massachusetts statute. In the instant case no federal statute gave jurisdiction in equity to the District Court for the Northern District of Ohio with respect to defendants' counterclaim. However desirable the policy of the

Massachusetts statute may be for application to suits in equity in the federal courts, the establishment of that policy is a matter for congressional action and cannot lawfully be accomplished by a court rule.

Under the federal statute a person charged with infringement of a patent is entitled to have that charge tried either in the district of which he is an inhabitant or the district in which he has committed acts of infringement and has a regular and established place of business. The fact that the charge of infringement is made in a counterclaim instead of in an original suit, does not make the statute inapplicable. If Equity Rule 30 be interpreted so as to make the statute inapplicable when the charge of infringement is presented in a counterclaim, then the rule contravenes the statute and is *ipso facto* void.

The instant case is devoid of any suggestion of waiver on the part of the plaintiffs of their statutory right to insist that defendant's charge of infringement against them be litigated in the proper district. In *Leman* v. *Krentler-Arnold,* as pointed out above, there was a waiver by plaintiff's affirmative action of its statutory right. The same is true of the First Circuit decision in *Krentler-Arnold* v. *Leman,* 13 F. (2d) 796. In the Sixth Circuit case *Naivette* v. *Philad,* 54 F. (2d) 624, the question did not arise because the defendant had no right under the statute to object to the jurisdiction as the district in which the counterclaim was asserted was the district specified by the statute.

*American Mills Co.* v. *American Surety Co.,* 260 U. S. 360, is quite generally cited in the decisions touching the question here in issue. That case, however, drew the distinction between counterclaims which *must* be set up because they arise out of the transaction which is the subject-matter of the suit, and counterclaims which *may* at the defendant's option be set up. The holding was that since the defendant, by its affirmative action, had set up a counterclaim which it was not obliged to under Equity Rule 30, it had waived its previous objection to the maintenance of the original suit in equity. There is nothing in the case touching the right of the plaintiff to assert his statutory objection to the main-

tenance of a counterclaim in a district in which he is not suable.

In *Wire Wheel Corporation* v. *Budd Wheel Co.,* 288 Fed. 308 (4th C. C. A.), a suit for patent infringement, a counterclaim was set up charging the plaintiff with infringement of a different patent. The parties went to trial on both the bill and the counterclaim. The Fourth Circuit Court of Appeals treated the two practically as separate suits and there is no discussion of the specific question of jurisdiction which is presented in the instant case.

The Sixth Circuit Court of Appeals has disapproved the decision of Judge Westenhaver in *Durabilt Steel Locker* v. *Berger,* 21 F. (2d) 139, primarily on the authority of its own decision in *Naivette* v. *Philad,* 54 F. (2d) 624, which did not and could not present the jurisdictional question.

It is therefore submitted that an authoritative determination of this important question of federal law by this court is necessary and that the instant case presents the jurisdictional question free from any complication of waiver of the objection to the jurisdiction by affirmative action on the part of the plaintiffs.

## CONCLUSION.

The writ of certiorari should be granted to review the decree of the Circuit Court of Appeals for the Sixth Circuit in the instant case and said decree should be reversed on the grounds (1) that the order of the District Court dismissing defendant's counterclaim was not appealable until after the entry of final decree; and (2) that the provisions of Equity Rule 30, when properly interpreted, preserve the statutory right of the plaintiffs to have the cause of action set up in the counterclaim litigated in the proper district.

Respectfully submitted,

CHARLES NEAVE,
LAWRENCE BRISTOL,
Counsel for Petitioners.

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CHARLES ELMORE

# Supreme Court of the United States.

## OCTOBER TERM, 1932.

## No. 57.

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GENERAL ELECTRIC COMPANY AND
CARBOLOY COMPANY, INC.,

*Petitioners,*

*v.*

THE MARVEL RARE METALS COMPANY,
THE OHIO INSTRUMENT MANUFACTURING COMPANY,
CHARLES L. GEBAUER AND C. F. WILLIAM BATES,

*Respondents.*

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## BRIEF FOR PETITIONERS ON WRIT OF CERTIORARI.

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CHARLES NEAVE,
LAWRENCE BRISTOL,
*Counsel for Petitioners.*

The Evening Post Job Printing Office, Inc., 154 Fulton St., New York, N. Y.

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# Supreme Court of the United States.

OCTOBER TERM, 1932.

No. 57

GENERAL ELECTRIC COMPANY and CARBOLOY COMPANY, INC.
Petitioners,

v.

THE MARVEL RARE METALS COMPANY, THE OHIO INSTRUMENT MANUFACTURING COMPANY, CHARLES L. GEBAUER and C. F. WILLIAM BATES,
Respondents.

## BRIEF FOR PETITIONERS ON WRIT OF CERTIORARI.

The case is before this Court on writ of certiorari to the United States Circuit Court of Appeals for the Sixth Circuit granted May 31, 1932.

### The Opinions of the Courts Below.

The District Court for the Northern District of Ohio (Judge Paul Jones) wrote no opinion in granting petitioner's[1] motion to dismiss respondents'[2] counterclaim. The order entered is printed at R. 15 and 16.

[1] Petitioners were plaintiffs in the District Court and are hereinafter referred to as plaintiffs.

[2] Respondents were defendants in the District Court and are hereinafter referred to as defendants.

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[2] Respondents were defendants in the District Court and are hereinafter referred to as defendants.

The first opinion of the Circuit Court of Appeals for the Sixth Circuit, filed on March 11, 1932, is reported at 56 F. (2d) 823, and is printed at R. 38.

The second opinion of the Circuit Court of Appeals for the Sixth Circuit, filed on April 14, 1932, has not yet been reported but is printed at R. 46.

## Statement of the Case.

General Electric Company and Carboloy Company, Inc.,[1] both New York corporations with their principal offices in the State of New York, filed their bill of complaint on May 22, 1931, in the United States District Court for the Northern District of Ohio, Eastern Division, against the respondents,[2] two Ohio corporations having regular and established places of business at Cleveland, Ohio, and two individuals, residents of Cleveland (R. 1). The bill charges infringement of patent rights of the plaintiffs, and asks an injunction and an accounting (R. 2-5).

The defendants filed their joint answer setting up the defenses usual in patent suits (R. 6-9) and asserting a counterclaim against the plaintiffs based on a different patent issued to one of the defendants (R. 10-13). The counterclaim asked for an injunction against infringement of this patent and for an accounting (R. 12, 13), but no motion was ever made by the defendants for injunction *pendente lite*.

The plaintiffs moved to dismiss the counterclaim on the ground, among others, that the District Court had no jurisdiction thereof (R. 14). The counterclaim contained no allegation that the plaintiffs were inhabitants of the Northern District of Ohio, or that the plaintiffs had committed acts of alleged infringement and had regular and established places of business in the Northern District of Ohio (R. 10-13). While that motion was pending defendants moved for leave

[1] Hereinafter referred to as plaintiffs.

[2] Hereinafter referred to as defendants.

to amend their counterclaim, but without adding any allegations touching the jurisdictional question (R. 14, 15). The District Court permitted the amendment and dismissed the counterclaim (R. 15, 16).

Within thirty days defendants took an appeal to the Circuit Court of Appeals for the Sixth Circuit from the order dismissing their counterclaim (R. 32-33), purporting to do so under the provisions of Title 28, U. S. Code, Sec. 227 relating to appeals from interlocutory orders.

Thereupon plaintiffs moved in the Circuit Court of Appeals to dismiss the appeal on the ground that the order in question was not appealable until after the entry of final decree (R. 35, 36). That court took the motion under advisement on briefs, without oral argument (R. 37), and on March 11, 1932, handed down an opinion (R. 38) and entered a decree (R. 37) denying the motion to dismiss the appeal, and summarily reversing the order appealed from without giving plaintiffs an opportunity to submit briefs or present considered oral argument on the merits.

Plaintiffs presented a petition for rehearing (R. 39-45). The Sixth Circuit Court of Appeals filed the memorandum and entered the order of April 14, 1932 (R. 46, 47) denying the petition for rehearing and setting forth its reasons for summarily reversing the order appealed from.

## Specification of Errors.

1. The Circuit Court of Appeals for the Sixth Circuit erred in denying plaintiffs' motion to dismiss defendants' appeal from the order of the District Court dismissing defendants' counterclaim.

2. The Circuit Court of Appeals for the Sixth Circuit erred in summarily reversing the order of the District Court appealed from, and reinstating defendants' counterclaim.

## Summary of Argument.

POINT I. Title 28 U. S. Code, Section 227, relating to appeals from interlocutory orders or decrees granting or refusing injunctions, etc. does not authorize appeals from all interlocutory orders and decrees, but only from specified classes of such. An order granting plaintiffs' motion to dismiss a counterclaim for lack of necessary jurisdictional allegations is not within any of the specified classes. Hence such an order is not appealable until after final decree and the Circuit Court of Appeals for the Sixth Circuit should have dismissed the appeal taken by the defendants. Its refusal to do so is in conflict with decisions of the Circuit Court of Appeals for the Second Circuit and other circuits.

POINT II. Title 28 U. S. Code, Section 109 prescribes the districts in which suit for patent infringement may be maintained against a defendant. A counterclaim for patent infringement, asserted under Equity Rule 30, cannot be maintained over plaintiffs' objection if it does not contain allegations which show that the plaintiff (counterclaim defendant) is subject to the jurisdiction of the District Court in which the counterclaim is asserted. To construe Equity Rule 30 more broadly is to make it repugnant to the statute. There is widespread conflict of decision on this point.

## POINT I.

**Title 28, U. S. Code, Section 227, does not authorize an interlocutory appeal from an order dismissing a counterclaim.**

Title 28, U. S. Code, § 227, under which the defendants purported to take an interlocutory appeal in the instant case and under which the Circuit Court of Appeals for the Sixth Circuit assumed jurisdiction to hear that appeal, provides as follows:

> "§ 227. *Appeals in proceedings for injunctions and receivers.* Where, upon a hearing in a district court, or by a judge thereof in vacation, an injunction is granted, continued, modified, refused, or dissolved by an interlocutory order or decree, or an application to dissolve or modify an injunction is refused, * * * an appeal may be taken from such interlocutory order or decree to the circuit court of appeals; * * * The appeal to the circuit court of appeals must be applied for within thirty days from the entry of such order or decree, and shall take precedence in the appellate court; * * *."

Under the provisions of Judicial Code, § 129, as they existed in 1924, which were identical with Title 28 U. S. Code, § 227, except for certain phrases not here material, the Circuit Court of Appeals for the Second Circuit ruled that an order dismissing a counterclaim was not appealable until after final decree. *Radio Corporation of America* v. *J. H. Bunnell & Co., Inc.*, 298 Fed. 62:

> "The orders appealed from were obviously not final, and therefore no appeal lies, under Judicial Code, § 128 (Comp. St. § 1120). This general principle is undoubted. *Rexford* v. *Brunswick, etc., Co.*, 228 U. S. 339, at page 346, 33 Sup. Ct. 515, 57 L. Ed. 864. That an appeal will not lie from an order or decree merely dismissing a cross-bill was explicitly held in *Emery* v. *Central Trust, etc., Co.*, 204 Fed. 965, 123 C. C. A. 287.

> Nor could any appeal be taken under Judicial Code, § 129 (Comp. St. § 1121). That well-known section does grant the right of appeal when in a District Court 'an injunction shall be * * * refused * * *'; but such appeal must be taken from an 'interlocutory order or decree * * * refusing * * * an injunction. * * *' No order was ever entered herein refusing an injunction, if for no other reason than that no injunction was ever formally asked for.
>
> This section of the Judicial Code cannot be invoked to sustain the right of appeal, where no question of the right to injunctive relief is raised, or even suggested."

This Court denied a petition for a writ of certiorari to review the decision of the Second Circuit, 269 U. S. 565.

The jurisdiction of the Circuit Courts of Appeals is purely statutory. It does not rest on any question of convenience or inconvenience to the appellate court or to the district court or to the parties litigant.

Prior to the act of March 3, 1891 (26 Stat. 828) the Circuit Courts of Appeals had no jurisdiction to review any interlocutory order or decree of the federal courts of original jurisdiction except as such interlocutory order might be brought up on appeal from final decree. *Winters* v. *Ethell*, 132 U. S. 207. By that act a novelty was introduced into federal procedure in authorizing appeals from interlocutory orders or decrees *granting* or *continuing* an injunction. As to the scope of the review thus authorized, this court said in *Ex Parte National Enameling Co.*, 201 U. S. 156, at 161, 162:

> "It will be noticed that the appeal is allowed from an interlocutory order or decree granting or continuing an injunction, that it must be taken within thirty days, that it is given precedence in the appellate court, that the other proceedings in the lower court are not to be stayed, and that the lower court may require an additional bond. Obviously that which is contemplated is a review of the interlocutory order, and of that only. It was not intended that the cause as a whole should be transferred to the appellate court prior to the final

> decree. The case, except for the hearing on the appeal from the interlocutory order, is to proceed in the lower court as though no such appeal had been taken, unless otherwise specially ordered. It may be true, as alleged by petitioners, that 'it is of the utmost importance to all of the parties in said cause that there shall be the speediest possible adjudication by the United States Circuit Court of Appeals as to the validity of all of the claims of the aforesaid letters patent which are the subject matter thereof.' But it was not intended by this section to give to patent or other cases in which interlocutory decrees or orders were made any precedence. It is generally true that it is of importance to litigants that their cases be disposed of promptly, but other cases have the same right to early hearing. And the purpose of Congress in this legislation was that there be an immediate review of the interlocutory proceedings and not an advancement generally over other litigation."

The recent discussion by this Court of the provisions relating to interlocutory appeals in the case of *Ensten* v. *Simon, Ascher & Company, Incorporated,* 282 U. S. 445, is in harmony with the position urged in this brief but does not decide the particular point here presented.

The Circuit Court of Appeals for the Eighth Circuit in *Pierce* v. *National Bank of Commerce,* 282 Fed. 100, and the Circuit Court of Appeals for the Seventh Circuit in *Magnetic Manufacturing Co.* v. *Dings Magnetic Separator Co.,* 37 F. (2d) 709, have refused to entertain appeals where the order in question did not directly grant or refuse an injunction.

In the *Pierce* case the court distinguished sharply between that part of an interlocutory decree which denied an application for a temporary injunction and that part of the same order which struck out certain parts of the defendant's cross-complaint. It declined to review on appeal that part which struck out a portion of the cross-complaint; and an examination of the record on appeal (*Pierce* v. *National Bank of Commerce,* 282 Fed. 100) shows that the entire cross-bill

was stricken out by the District Court for insufficiency. The cross-bill prayed an accounting, a marshalling of securities, and an injunction restraining the plaintiff from attempting to enforce payment of a judgment recovered against the defendant in another suit, and from prosecuting a suit against the surety on a supersedeas bond, and from making any application for cancellation of the license of the surety company to do business in Missouri.

In the *Magnetic Manufacturing Co.* case in the Seventh Circuit, the District Court had denied a petition for rehearing and for leave to file a supplemental answer on the basis of newly discovered evidence. The defendant, who was already under injunction, attempted to appeal under Title 28 U. S. Code § 227. The Seventh Circuit Court of Appeals dismissed the appeal, saying, 37 F. (2d) 709 at 710:

> "What relief might have been considered, if the rehearing had been granted, it is unnecessary to determine, because, until a rehearing was granted, no other question could have been considered, and no other question was considered. That appellant did not expect the court to do more, on its petition for rehearing, than to grant the rehearing, is undeniable, because the first prayer of the petition is that appellant be permitted to file a supplemental answer, therewith submitted, to the original complaint. The submitted answer pleaded the matters set up in the petition for a rehearing."

Since the writ of certiorari was granted in the instant case the Circuit Court of Appeals for the Seventh Circuit has held in *King Mechanism & Engineering Co.* v. *Western Wheeled Scraper Co.*, 59 F. (2d) 546, that an order transferring to the law side of the court a bill in equity for patent infringement praying injunctive relief, is in effect the denial of an injunction, and that such order is appealable under Title 28 U. S. Code, § 227.

The Circuit Court of Appeals for the Sixth Circuit has reached a result opposite to the decisions in the Second, Seventh and Eighth Circuits. In *Naivette, Inc.* v. *The*

*Philad Co.*, 54 F. (2d) 623, the Sixth Circuit Court of Appeals said:

> "It is conceded that the order striking out the counterclaim was not final, but was interlocutory, and that the appeal therefore can rest only upon section 129 of the Judicial Code, being section 227 of title 28, USCA. The question is whether, in effect, an interlocutory injunction was refused. No motion for such injunction had been made by defendant; but, as the greater includes the less, striking out the counterclaim amounted to the advance denial of any such motion. Whether such action should be considered as a refusal to grant an interlocutory injunction, is not entirely clear, upon the language of the section. In a somewhat similar case in the Circuit Court of Appeals of the Second Circuit (*Radio Corp.* v. *Bunnell & Co.*, 298 F. 62), the right of appeal was denied; but in that case the prayer for injunction under the counterclaim seems to have been rather incidental, and the dismissal of the counterclaim was not therefore characteristically a refusal of the injunction; while here the only equitable relief sought by the counterclaim was the injunction, and the dismissal of the counterclaim was, in ultimate effect, nothing but a denial of the injunction."

In the instant case the Sixth Circuit Court of Appeals has followed its decision in *Naivette* v. *Philad:*

> "In No. 6074 the situation is therefore identical with that confronting the court in *Naivette, Inc.* v. *The Philad Co.*, 54 F. (2d) 623, and no sound reason has been presented why the court should not follow the same course as was there pursued. The motion to dismiss is therefore denied, * * *" (R. 38).

The attempt of the Sixth Circuit to distinguish *Radio Corporation* v. *Bunnell* on the basis of the "incidental" nature of the prayer for injunction is wholly specious. The Second Circuit has pointed out the substantial identity of the two cases in its subsequent opinion in *Allied Metal*

*Stamping Co.* v. *Standard Electric Equipment Corporation,* 55 F. (2d) 221:

> "The case is ruled by our decision in *Radio Corporation of America* v. *J. H. Bunnell & Co.,* 298 F. 62. Since then the Circuit Court of Appeals for the Sixth Circuit has decided the other way in a substantially similar case, *Naivette, Inc.* v. *Philad Co.* (C. C. A.) 54 F. (2d) 623, May 15, 1931. The question is whether the dismissal for jurisdictional reasons of a counterclaim praying an injunction is a refusal to grant an interlocutory injunction. Jud. Code § 129 (section 227, tit. 28, U. S. Code, 28 USCA § 227). Whatever we might think of this as a new matter, it does not seem to us that the question is so clear as to require us to overrule our former decision."

Though the *Allied Metal Stamping Co.* case and the *Radio Corporation* case were called to its attention in briefs (cf. Tr. p. 45), the Circuit Court of Appeals for the Sixth Circuit refrained from mentioning either in its opinions in the instant case.

The Sixth Circuit in *Naivette* v. *Philad,* 54 F. (2d) 623 has cited *Kelsey Wheel Co.* v. *Universal Rim Company,* 296 Fed. 616, 620, as an analogous case. The analogy is false, however, in that the *Kelsey* case involved an appeal in a patent case from an interlocutory decree made after final hearing which sustained some claims of a patent and granted an interlocutory injunction thereon and held other claims of the same patent invalid and dismissed the bill as to them. In that case the plaintiff had sought at final hearing to have an injunction issued against infringement of all of the claims in suit; and the District Court had granted the injunction as to some claims and refused it as to others. Both aspects of the decree were therefore fairly within the scope of § 129 of the Judicial Code and the Circuit Court of Appeals had jurisdiction to review both, provided the parties took their appeals within the thirty-day period.

Section 129 of the Judicial Code or Section 227 of Title 28, U. S. Code, as it stands at the present time, is bilateral: The party applying for an injunction has an appeal if, after a hearing on the merits, his application is denied; the opposite party has an appeal if the application is granted.

The granting of a temporary restraining order, however, is not appealable under § 129. *Peck* v. *Carter,* 223 Fed. 638 (9th C. C. A.); *Schainmann* v. *Brainard,* 8 F. (2d) 11 (9th C. C. A.).

Equity Rule 73 and 28 U. S. C. § 381 are entitled "Preliminary Injunctions and Temporary Restraining Orders". Both provide that no preliminary injunction shall be issued without notice to the opposite party. Both provide that temporary restraining orders may be granted without notice to the opposite party under certain conditions, the gist of which is that the party placed under restraint shall have the right to a speedy hearing and the matter of the issuance of a preliminary injunction shall be set down for a hearing at the earliest possible time. Other sections of the same statute recognize and differentiate injunctions and temporary restraining orders, *e. g.*, 28 U. S. Code, §§ 378, 380, 382 and 383. But § 227 makes no reference to a temporary restraining order. The reason is obvious. Temporary restraining orders should be disposed of promptly by the District Courts and should be followed either by the granting or refusal of preliminary injunctions. In such a case the defeated party has an interlocutory appeal under § 227.

When the temporary restraining order—injunctive in its nature, but never more than a step toward the granting of a preliminary injunction—is not appealable, how can there be an appeal where no step at all has been taken?

In the instant case no application for a preliminary injunction was ever made by the defendants. No notice was ever given to the plaintiffs, no hearing was ever had on any application for injunction. In short, nothing has been done which would bring the order appealed from within the purview of § 227.

The proceedings which led up to the order in question were plaintiffs' motion to dismiss the counterclaim, and defendants' motion to amend the counterclaim. Both motions were granted. The granting of the motion to dismiss the counterclaim was neither the refusal nor the granting of an injunction; and if the decision had been the other way it likewise would not have been the granting or refusal of an injunction.

It is, therefore, respectfully submitted that the Circuit Court of Appeals for the Sixth Circuit in denying plaintiffs' motion to dismiss defendants' appeal has assumed a jurisdiction which it does not possess under the statute and its decree to that effect should be reversed.

## POINT II.

**A counterclaim for patent infringement under Equity Rule 30 cannot be maintained over plaintiff's proper objection to the jurisdiction of the District Court in which the counterclaim is asserted.**

The effect of Equity Rule 30 on the statute relating to jurisdiction of the district courts in patent suits, has been diversely decided in many cases, but has not been passed upon by this Court in any case where the plaintiff's objection to the jurisdiction of the particular district court in which the counterclaim was asserted has been preserved.

In the instant case the Sixth Circuit Court of Appeals reversed the District Court summarily on plaintiffs' motion to dismiss defendants' appeal (R. 41), without receiving briefs on the merits and hearing argument in open court as provided for in its own rules (R. 43-47, 53, 54). It did so on the authority of a case in which the question was not and could not have been presented. It apparently gave scant considera-

tion to the fact that the interpretation which it placed upon Equity Rule 30 brings that rule into contravention with existing provisions of statute (R. 53).

Title 28, U. S. Code, § 109 (formerly Judicial Code, § 48), provides:

> "§ 109. *Patent cases.* In suits brought for the infringement of letters patent the district courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business."

Equity Rule 30, so far as here material, provides:

> "The answer must state in short and simple form any counterclaim arising out of the transaction which is the subject-matter of the suit, and may, without cross bill, set up any set-off or counterclaim against the plaintiff which might be the subject of an independent suit in equity against him, and such set-off or counterclaim, so set up, shall have the same effect as a cross-suit, so as to enable the court to pronounce a final decree in the same suit on both the original and the cross-claims."

No rule of court is competent to destroy the rights of a defendant under a statute. As this Court said in *Washington-Southern Co.* v. *Baltimore Co.*, 263 U. S. 629, at 635:

> "But no rule of court can enlarge or restrict jurisdiction. Nor can a rule abrogate or modify the substantive law. This is true, whether the court to which the rules apply be one of law, of equity or of admiralty. It is true of rules of practice prescribed by this Court for inferior tribunals, as it is of those rules which lower courts make for their own guidance under authority conferred."

The Federal Equity Rules were promulgated by this Court under the authority conferred by §§ 913 and 917 of the Revised Statutes (Title 28, U. S. Code, §§ 723, 730) and the rule-making power there conferred was expressly limited

to matters "not inconsistent with any law of the United States".

One school of judicial decision, holding that a counterclaim cannot be maintained over proper objection to the jurisdiction, is exemplified in the opinion of Judge Westenhaver in *Durabilt Steel Locker Co.* v. *Berger Manufacturing Co.*, 21 F. (2d) 139, and in *Parker Pen Co.* v. *Rex Mfg. Co.*, 11 F. (2d) 533. These cases hold that the bringing of a suit for patent infringement in a particular district is not a consent by the plaintiff to be sued in that district for infringement of any other patent owned by the defendant, and that Equity Rule 30 cannot properly be so broadly construed as to deprive a plaintiff of the protection of the statute.

The other school of judicial decision is exemplified in *Krentler-Arnold Hinge Last Co.* v. *Leman*, 13 F. (2d) 796, at 801, and in *United States Expansion Bolt Co.* v. *Kroncke*, 234 Fed. 860, at 870. These cases, by dicta at least, support the proposition that a plaintiff by the mere act of bringing suit for patent infringement in a particular district consents to the litigation therein of any claim for patent infringement which the defendant may have against him.

An extensive list of the decisions *pro* and *con* is given in a note to Judge Brown's opinion in *Parker Pen Co.* v. *Rex Mfg. Co.*, 11 F. (2d) 533 at 536. See also *Ohio Brass Co.* v. *Hartman Electrical Mfg. Co.*, 243 Fed. 629 at 630.

As perhaps the most recent instances of this conflict, aside from the instant case, we cite:

*Allied Metal Stamping Co. Inc.* v. *Standard Electric Equipment Corporation*, 53 F. (2d) 646 (E. D. N. Y.); appeal dismissed 55 F. (2d) 221. That case dismissed such a counterclaim.

*Rhodes-Hochriem Manufacturing Co.* v. *International Ticket Scale Corporation*, 57 F. (2d) 713 (D. C. Del.). That case denied a motion to dismiss such a counterclaim on this ground, though the motion was granted on another and entirely different ground.

*Dow Pump etc. Co.* v. *Wilson-Snyder Mfg. Corporation*,

59 F. (2d) 828 (D. C. Pa.). That case dismissed such a counterclaim.

The instant case presents the question squarely, for the plaintiffs, upon the filing of the answer and counterclaim, moved to dismiss the counterclaim on the jurisdictional ground and the motion was granted.

Without going into the question of the consistency of Equity Rule 30 and Title 28 U. S. Code, § 109, this court has said in *Leman* v. *Krentler-Arnold Hinge Last Co.*, 284 U. S. 448, at 451:

> "When the respondent brought the suit in the Federal District Court for the District of Massachusetts, it submitted itself to the jurisdiction of the court with respect to all the issues embraced in the suit, including those pertaining to the counterclaim of the defendants, petitioners here. Equity Rule 30. See Langdell, Eq. Pl. chap. 5, § 119; *Frank L. Young Co.* v. *McNeal-Edwards Co.*, 283 U. S. 398, 400, 75 L. Ed. 1140, 1141, 51 S. Ct. 538."

But the question here presented could not have been presented in that case. The plaintiff there waived its objection (as of course it could do, *Panama R. R. Co.* v. *Johnson*, 264 U. S. 375, 385) to the jurisdiction of the District Court to entertain a counterclaim against it for patent infringement by filing an answer to the counterclaim, going to trial and decision on the merits of the counterclaim, and failing to take any action seeking to raise the question of jurisdiction until some seven or eight months after the trial. See *Krentler-Arnold Hinge Last Co.* v. *Leman*, 13 F. (2d) 796, at 801, 802. The only questions raised in the petition for certiorari filed by Leman were whether the court had power to award profits in a contempt proceeding, and whether it was necessary for the moving party to prove the loss of a reasonable royalty to support an award on that basis. No cross petition for certiorari was filed by Krentler-Arnold Hinge Last Company; and no question was raised in its opposing brief as to the jurisdiction of the District Court to entertain the counterclaim in the original suit, that objec-

tion having been lost by the filing of an answer to the counterclaim and proceeding to trial and decision on its merits.

The instant case is devoid of any suggestion of waiver on the part of the plaintiffs of their statutory right to insist that defendant's charge of infringement against them be litigated in the proper district.

Under the federal statute a person charged with infringement of a patent is entitled to have that charge tried either in the district of which he is an inhabitant or the district in which he has committed acts of infringement and has a regular and established place of business. The reasons leading up to the enactment of the statute (Act of March 3, 1897; 29 Stat. 695), and the intention of Congress in enacting it, are well set forth in *Westinghouse Air-Brake Co.* v. *Great Northern Ry. Co.*, 88 Fed. 258 (2d C. C. A.) and *Bowers* v. *Atlantic G. & P. Co.*, 104 Fed. 887 (S. D. N. Y.). Such right, when asserted by a defendant, has been uniformly upheld. See, for example, *Tyler Co.* v. *Ludlow-Saylor Wire Co.*, 236 U. S. 723. A defendant may waive this right if he chooses and consent to be sued in any federal court; but if he objects to the jurisdiction, the courts protect him in his right under the statute.

Equity Rule 30 evidences no intent to deprive any person of any right secured by statute. Its true intent, we submit, is to permit the disposition in one suit of all matters in controversy between the parties which might properly be adjudicated in suits in equity between them in the district in which the original suit was brought. The rule permits (but does not require) the defendant, without cross-bill, to set up any set-off or counterclaim against the plaintiff which might be the subject of an independent suit in equity against him, and then goes on to provide that such set-off or counterclaim shall have the same effect as a cross-suit.

Prior to the promulgation of the Equity Rules in November, 1912, a cross-bill was well recognized and its limitations clearly defined. If the subject-matter attempted to be set up in a cross-bill was distinct from the subject-matter of the original bill, it was not in fact a cross-bill, and had to stand

or fall as an independent original bill. *Rubber Co.* v. *Goodyear,* 9 Wall. 807; *Cross* v. *De Valle,* 1 Wall. 1. The headnote to the case last cited reads:

> "A 'cross-bill' being an auxiliary bill simply, must be a bill touching matters in question in the original bill. If its purpose be different from that of the original bill, it is not a cross-bill even although the matters presented in it have a connection with the same general subject. As an original bill it will not attach to the controversy unless it be filed under such circumstances of citizenship, &c., as give jurisdiction to original bills; herein differing from a cross-bill, which sometimes may so attach."

In *Stonemetz Printers' Machinery Co.* v. *Brown Folding Mach. Co.,* 46 Fed. 851, the original bill alleged patent interference and sought relief under R. S. §4918, and also alleged patent infringement by the defendant. The defendant answered and subsequently filed a cross-bill alleging infringement by the plaintiff of defendant's patents. On motion the so-called cross-bill was stricken out for the reason that the matters alleged in it were not essential to the complete disposition of plaintiff's case or of defendant's rights in relation to the plaintiff's causes of action. The court said:

> "Defendant's counsel has argued that, as plaintiff is a foreign corporation, and defendant will be compelled to follow it into another jurisdiction in order to file a bill for infringement, and as plaintiff has come into this court with a matter relating to defendant's patent, that circumstance should be considered, and relief given defendant in the court of plaintiff's own choice. That question was considered in the case of *Rowan* v. *Manufacturing Co., supra,* [33 Conn. 1] but was held not to authorize the cross-bill based on a counter-claim by defendant."

Equity Rule 30 broadened the scope of causes of action which could be disposed of in one litigation beyond that which was permissible under the prior practice of original and cross-bills. The virtual consolidation of several suits in equity between the same parties in the same district, and the dis-

position of all of them by one final decree is now permissible under Equity Rule 30 where it was not generally permissible before the promulgation of the rule. But the consolidation of several suits between the same parties, where one district court has jurisdiction of one suit and another of another suit, is a matter not merely of procedure but of statutory jurisdiction.

In *Washington Southern Co.* v. *Baltimore Co.*, 263 U. S. 629, this Court had before it a question certified to it by the Circuit Court of Appeals as to the interpretation of Admiralty Rule 50. Though it was insisted that the terms of Rule 50 were so clear as to leave no room for doubt, this Court said:

> "But to ascertain the true meaning of the rule, the operation and effect of the construction urged must be considered. Under that given, a libelant may be automatically barred from prosecuting his suit, merely because he is unable or unwilling to give security to satisfy the claim made in the cross-libel. For, although no security is asked of the original respondent, he may, by voluntarily giving security, effect a stay of all proceedings against himself, 'unless the court, for cause shown', directs otherwise. Thus construed, Rule 50 would abrogate the right to proceed in admiralty, and substitute therefor either a conditional right to prosecute the suit, provided libelant gives security to satisfy the counterclaim, or a permission to do so, provided the court, in its discretion, for cause shown, grants leave. * * *
>
> The construction given to Rule 50 by the District Court would, by imposing an impossible or onerous condition, deprive many litigants of the right to prosecute their claims in admiralty. Among others, it would, if applied generally, deny this right to seamen, upon whom, regardless of their means or nationality, Congress, shortly before the adoption of Rule 50, had conferred the right to prosecute their claims, in both trial and appellate courts, without giving security even for costs. It would likewise deny to poor citizens of the United States the right to proceed in admiralty, which Congress had by successive acts sought to ensure, in order to relieve litigants from dependence upon the judicial discretion theretofore incident to leave to sue in *forma pauperis*.

> * * * Obviously, it was not the intention of this Court, in adopting the rule, to disregard the right of seamen, of poor persons or of others to prosecute suits in admiralty. The function of rules is to regulate the practice of the court and to facilitate the transaction of its business. * * * But no rule of court can enlarge or restrict jurisdiction. Nor can a rule abrogate or modify the substantive law. This is true, whether the court to which the rules apply be one of law, of equity or of admiralty. It is true of rules of practice prescribed by this Court for inferior tribunals, as it is of those rules which lower courts make for their own guidance under authority conferred."

By its answer to the question certified to it, this Court restricted Admiralty Rule 50 so that its operation could not impair the statutory rights of libelants to prosecute their causes in admiralty. So, in the instant case it is submitted that this Court should declare the true meaning of Equity Rule 30 in such a way as not to impair the statutory right of a person charged with infringement of a patent to insist that such charge against him be litigated in the District Court of the district in which he is an inhabitant or in which he has committed acts of infringement and maintains a regular and established place of business.

The first opinion of the Circuit Court of Appeals for the Sixth Circuit (R. 38; 56 F. (2d) 823, 824) misdescribed the plaintiff's motion in the District Court as one to dismiss the counterclaim "as not germane to the cause of action set forth in the bill of complaint". As a matter of record the ground of the motion was "that this court has no jurisdiction thereof" (R. 14). The Circuit Court of Appeals then went on to say (R. 38):

> "In No. 6074 the situation is therefore identical with that confronting the court in *Naivette, Inc.* v. *The Philad Co.*, 54 F. (2d) 623, and no sound reason has been presented why the court should not follow the same course as was there pursued. The motion to dismiss is therefore denied, the order of the District Court dismissing the counterclaim is reversed, and said cause is remanded

to permit all issues to be disposed of in the original proceeding. Compare, *Leman, et al.* v. *Krentler-Arnold Hinge Last Co.,* U. S. (Decided Feb. 15, 1932)."

The order of reversal was made summarily on plaintiff's motion to dismiss the appeal (R. 37) and without submission of briefs or considered argument in open court, as provided by the rules of the Circuit Court of Appeals for the Sixth Circuit on the merits of the appeal.

The Sixth Circuit's opinion in *Naivette* v. *Philad,* 54 F. (2d) 623, relates only to the appealability of an order dismissing a counterclaim before final decree. Another separate and distinct opinion in the same case reported at 54 F. (2d) 624 deals with the nature of counterclaims permissible under Equity Rule 30. But that case does not present and on its record could not have presented the question as to the maintainability of a counterclaim over an objection to the jurisdiction which the record in the instant case presents. In that case both plaintiffs were Ohio corporations having their principal places of business at Cleveland, Ohio, and they brought their suit in the District Court for the Northern District of Ohio, Eastern Division, in which Cleveland is situated. The defendant asserted a counterclaim asking for injunctive relief. The plaintiffs did not and could not object to the Northern District of Ohio as the proper district, for that was the very district prescribed by Title 28 U. S. Code, §§ 41, 109, 112, in which any independent suit in equity could be maintained against them. The sole ground of objection made was that the cause of action set forth in the counterclaim was not germane to the cause of action set forth in the plaintiff's bill of complaint.

In the instant case a petition for rehearing was filed with the Sixth Circuit Court of Appeals, which thereupon handed down its second opinion, not yet reported but printed at R. 46 and 47. This opinion lines the Sixth Circuit Court of Appeals up with that school of judicial decision which holds that the act of a plaintiff in the filing of his original bill in a

particular district waives all objection which he might otherwise have to being sued in that particular district by the defendant on any equitable cause of action. The Supreme Court cases cited in this second opinion are:

*Leman* v. *Krentler-Arnold Hinge Last Co.*, 284 U. S. 448, 451;
*Young Co.* v. *McNeal Edwards*, 283 U. S. 398, 400;
*Chicago & N. W. Ry. Co.* v. *Lindell*, 281 U. S. 14, 17.

In the *Leman* case, as pointed out above, there was an actual waiver of plaintiff's objection to the jurisdiction by the filing of an answer to the defendant's counterclaim, proceeding to trial and decision on the merits of the counterclaim and waiting several months after decision before raising the jurisdictional objection. Furthermore, there is no discussion in the opinion of this Court in the *Leman* case of the conflict between Equity Rule 30, if it be construed as the Sixth Circuit Court of Appeals has construed it, and Title 28 U. S. Code, § 109. It is hardly to be presumed that this Court has decided the question of conflict in a case where the record did not present the question.

*Frank L. Young Co.* v. *McNeal Edwards Co.*, 283 U. S. 398, cited by the Sixth Circuit Court of Appeals, and by this Court in *Leman* v. *Krentler-Arnold*, upheld the constitutionality of a Massachusetts statute which provided that a non-inhabitant of the commonwealth who brought an action in the state should be held to answer any action brought against him by the defendant if the demands were of such a nature that the judgment in the one case might be set off against the judgment in the other, and authorized service of process on the attorney of record for the plaintiff in the original action. Under that statute and the Conformity Act this Court held that the United States District Court in Massachusetts had acquired jurisdiction over a Virginia corporation which had brought an action at law in Massachusetts and thereby subjected itself to the cross action at law, process in the latter action having been served on the attorneys of record for the Virginia corporation in its original action. Though this

Court referred to the policy of the Massachusetts statute as embodied in Equity Rule 30, we point out that the actions were at law, and that jurisdiction over the Virginia corporation depended, not upon a rule of court, but upon a Massachusetts statute. In the instant case no federal or state statute gave jurisdiction in equity to the District Court for the Northern District of Ohio with respect to defendants' counterclaim. However desirable the policy of the Massachusetts statute may be for application to suits in equity in the federal courts, the establishment of that policy is a matter for congressional action and cannot lawfully be accomplished by a court rule.

In *Chicago & N. W. Ry. Co.* v. *Lindell,* 281 U. S. 14, the question was whether the Hepburn Act debarred the assertion in a suit to recover freight charges of a counterclaim for damages suffered by the shipper. As clearly pointed out by this Court, the counterclaim was maintainable by virtue of the California Code of Civil Procedure, unless the Hepburn Act stood in the way. Here again, as in *Young* v. *McNeal Edwards,* the jurisdiction to entertain the counterclaim was based on a state statute and not upon a rule of court conflicting with a legislative enactment. Furthermore, the reference to a "pernicious" doctrine relates to a statement quoted from Mr. Justice Miller's opinion in *Partridge* v. *Insurance Company,* 15 Wall. 573, 579, a case where the *laws* of the state allowed counterclaims to be interposed in the same suit.

The distinction is clear. It is competent for Congress, within the constitutional limitations, to legalize the maintenance of counterclaims for any subject-matter in any suit; but so long as Title 28 U. S. Code § 109 stands unchanged by Congress it is beyond the rule-making power to deprive a person of his right to insist that a suit for patent infringement be litigated in the district prescribed by statute.

This Court in *Leman* v. *Krentler-Arnold,* 284 U. S. 448, at 451, referred to Langdell's Equity Pleading, c. 5, § 119. There would seem to be a typographical error in the citation which probably should be § 149. It is of course true, as Langdell there says, that the best defense may sometimes be an attack,

and to make an attack a defendant must resort to a cross-bill. The statutory provisions as to jurisdiction over cross-bills in England (and Langdell's Equity Pleading deals largely with English cases) have no application in the United States. Nor does Langdell go into any question of jurisdiction such as is presented in the instant case. However desirable it might seem, on purely theoretical considerations, to allow a defendant to make his attack by counterclaim, the existing provisions of statute as to jurisdiction must nevertheless be followed until they are changed by Act of Congress.

This Court has said that the purpose of the venue provisions was to prevent defendants from being compelled to answer and defend in remote districts against their will. *Panama R. R. Co.* v. *Johnson,* 264 U. S. 375, at 384. For the protection of the defendant, the plaintiff is required to bring his suit in the proper district, if the defendant is not willing to consent to a different venue. Is it not wise policy to afford to the plaintiff the same protection against counterclaims for causes of action not growing out of the original suit? The proper defense against such a counterclaim may require the plaintiff to transport to a distant district witnesses whose testimony is not needed for the prosecution of the original suit, or else to rely on the less satisfactory expedient of taking their testimony by deposition for use at the trial.

Again, when the statute, compels the plaintiff to bring his suit in the district of which the defendant is an inhabitant or where he has a regular and established place of business, how can it be said that by so doing he has consented to be sued there on any equitable cause of action which the defendant may have? Such a policy in effect discriminates against the plaintiff and in favor of the defendant.

*American Mills Co.* v. *American Surety Co.,* 260 U. S. 360, is quite generally cited in the decisions touching the question here in issue. That case, however, drew the distinction between counterclaims which *must* be set up because they arise out of the transaction which is the subject-matter of the suit, and counterclaims which *may* at the defendant's option be

set up. The holding was that since the defendant, by its affirmative action, had set up a counterclaim which it was not obliged to under Equity Rule 30, it had waived its previous objection to the maintenance of the original suit in equity. There is nothing in the case touching the right of the plaintiff to assert his statutory objection to the maintenance of a counterclaim in a district in which he is not suable.

By the construction of Equity Rule 30 which is here contended for, the defendant is deprived of none of his legal rights. If he has a cause of action against the plaintiff for patent infringement he is at liberty to prosecute it against the plaintiff in the district prescribed by Title 28, U. S. Code, § 109. Nor is the plaintiff deprived of any legal right.

The construction of Equity Rule 30 followed by the Sixth Circuit Court of Appeals in the instant case gives to the defendant the extra-legal right to maintain an equitable counterclaim in a district where he could not otherwise lawfully assert it over the plaintiff's objection, and deprives the plaintiff of his statutory immunity from suit except in the district prescribed by § 109. It favors the assertion by counterclaim of alleged causes of action trumped up after suit is brought, and so lacking in merit that the defendant will not incur the expense of suing the plaintiff on them if he has to go to the district prescribed by statute.

In conclusion it is submitted that the cases wherein a defendant has been permitted to maintain a counterclaim for patent infringement in a district where an independent suit cannot be maintained under the provisions of Title 28 U. S. Code §109, are cases where the plaintiff has done some affirmative act to waive his jurisdictional objection, or where the court has construed the bringing of the original suit as a consent and waiver of the jurisdictional objection far broader than any judicial construction prior to the promulgation of the equity rules. It is further submitted that Equity Rule 30 evidences no intent to widen the scope of submission to

jurisdiction by the filing of a bill in equity and that the true meaning of the rule is in harmony with the statute rather than in contravention of it.

WHEREFORE, it is respectfully submitted that the decrees of the Circuit Court of Appeals for the Sixth Circuit here under review should be reversed.

CHARLES NEAVE,
LAWRENCE BRISTOL,
Counsel for Petitioners.

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CHARLES ELMORE

# Supreme Court of the United States.

## OCTOBER TERM, 1932.

## No. 57.

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GENERAL ELECTRIC COMPANY AND
CARBOLOY COMPANY, INC.,

*Petitioners,*

*v.*

THE MARVEL RARE METALS COMPANY,
THE OHIO INSTRUMENT MANUFACTURING COMPANY,
CHARLES L. GEBAUER AND C. F. WILLIAM BATES,

*Respondents.*

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## REPLY BRIEF FOR PETITIONERS.

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# Supreme Court of the United States.

OCTOBER TERM, 1932.

No. 57.

GENERAL ELECTRIC COMPANY and CARBOLOY COMPANY, INC.,
Petitioners,

v.

THE MARVEL RARE METALS COMPANY, THE OHIO INSTRUMENT MANUFACTURING COMPANY, CHARLES L. GEBAUER and C. F. WILLIAM BATES,
Respondents.

## REPLY BRIEF FOR PETITIONERS.

Respondents' new counsel, who have come into the case since the death of Harold Elno Smith, Esq., after the writ of certiorari was granted, raise two questions not previously raised in any of the proceedings in the courts below or in this court. This reply brief is presented to cover these two points.

### An order dismissing a counterclaim, but not disposing of the entire suit, is not a final decree.

Respondents' brief argues (pp. 21-23) that "the decision of the District Court in this case should be held to be a final decision". We point out, however, that if such were the case,

defendants would have been entitled to take their appeal under Title 28 U. S. Code, §225; and it would have been unnecessary to consider whether or not the dismissal of the counterclaim was the refusal of an injunction within the meaning of Title 28 U. S. Code, §227 (formerly Judicial Code, §129). The right of appeal from a final decree is not dependent upon the granting or refusal of an injunction or the appointment of a receiver.

Defendants' former counsel stated in his brief in the Circuit Court of Appeals in opposition to plaintiffs' motion to dismiss the appeal:

> "This appeal is taken under the provision of Judicial Code, §129."

The Circuit Court of Appeals likewise treated the dismissal of the counterclaim as interlocutory, and appealable, if at all, only under §129 of the Judicial Code, since it likened the instant case to *Naivette* v. *Philad,* 54 F. (2d) 623, wherein only that point was discussed.

This Court said of an interlocutory decree in *Rexford* v. *Brunswick-Balke Co.,* 228 U. S. 339 at 346:

> "Plainly such a decree is not appealable. If it were, the case could be taken to the appellate court in fragments by successive appeals. But this the law wisely prevents by postponing the right of appeal until there is a final decree disposing of the whole case. *Perkins* v. *Fourniquet,* 6 How. 206; *Grant* v. *Phoenix Ins. Co.* 106 U. S. 429; *McGourkey* v. *Toledo & Ohio Ry. Co.,* 146 U. S. 536; *Covington* v. *Covington First National Bank,* 185 U. S. 270; *Ex parte National Enameling and Stamping Co.,* 201 U. S. 156.
>
> As the Circuit Court of Appeals erred in entertaining the appeal, its decision is vacated and the case is remanded to the District Court, as successor to the Circuit Court, with directions to proceed to a final disposition of the case in regular course."

This Court held in *Winters* v. *Ethell,* 132 U. S. 207, that the dismissal of a cross-complaint was not a final decree and was not appealable until after the entry of final decree. This

has been followed in such cases as *Pioneer Grain Corporation* v. *Chicago etc. Ry. Co.*, 42 F. (2d) 1009 (8th C. C. A.); *Radio Corporation* v. *Bunnell*, 298 Fed. 62; and *Allied Metal Stamping Co.* v. *Standard Electric Equipment Corporation*, 55 F. (2d) 221 (2nd C. C. A.).

Defendants' brief cites no authority for treating the dismissal of a counterclaim before disposition of the entire suit as a final decree, and we have found none. *Rosenberg* v. *Curtis-Brown*, 260 U. S. 516, cited in defendants' brief, which treats an order quashing a summons as a final judgment, is not in point.

The defendants' brief argues for an interpretation of § 129 Judicial Code (Title 28 U. S. Code, §227) which is inconsistent with the legislative intent as disclosed by the history of the statute.

As first enacted in 1891 (26 Stat. 828), the statute authorized an interlocutory appeal from an order *granting* an injunction. Obviously the improvident granting of an injunction from which no appeal could be taken until after final decree might work irreparable injustice to a defendant. Congress provided the remedy of an interlocutory appeal to the Circuit Court of Appeals.

By the amendment of 1895 (28 Stat. 666) Congress recognized that the improvident *denial* of an injunction, from which no appeal could be taken until after final decree, might constitute an equally serious injustice to a plaintiff, and provided the remedy of an interlocutory appeal from the refusal of an injunction.

The improvident appointment of receivers had come by 1900 to be recognized as a serious injustice and Congress amended the statute to authorize an interlocutory appeal from such appointment (31 Stat. 660). In this amendment the provision for interlocutory appeal from an order refusing an injunction was omitted, but after the decision in *Ex Parte National Enameling Co.*, 201 U. S. 156, the omission was rectified in 1911 (36 Stat. 1134). As the statute stands to-day, it authorizes interlocutory appeals from orders grant-

ing or refusing injunctions or appointing receivers. To this day it contains no provision authorizing an appeal from an order denying an application for the appointment of a receiver.

The Act of February 28, 1927, introduced § 227A into Title 28 U. S. Code. This new section authorizes an interlocutory appeal in a patent case where a decree is rendered which is final except for the fact that it orders an accounting. This takes care of the rather exceptional patent case where the defendant is ordered to account for infringement, but no injunction can be granted on account of the expiration of the patent in suit. It affords the defendant an opportunity to have the question of liability reviewed on appeal without having to wait until the completion of the accounting and the entry of final decree. It likewise authorizes the plaintiff to have a review in case the District Court holds some, but not all, of the claims sued upon invalid or not infringed, and so excludes them from the accounting.

Clearly the purpose of Congress has been to provide remedies for specified types of serious injustice worked by improvident acts of the courts of original jurisdiction by authorizing prompt appeals from orders which may work such injustice. We find in the history of the statute no basis for the statement in defendants' brief (pp. 10 and 11), that the consistent purpose of Congress was to simplify court procedure and to restrict cases in so far as possible to a single trial and a single appeal.

The order of the District Court in the instant case, even if erroneous, worked no serious injustice of any type for which Congress has provided the remedy of an interlocutory appeal. It neither granted nor refused an injunction nor appointed a receiver. It left the defendants perfectly free to institute suit in any proper district, to make their application for injunction there, and to have a prompt appeal from any order denying their application for issuance of an injunction.

## Plaintiffs have not waived their objection to the jurisdiction.

Under the heading of "Jurisdiction", the brief filed by defendants' new counsel discusses "Waiver by bringing suit" (pp. 23-25) and also "Waiver by pleading to merits" (pp. 25-31). In the courts below only "Waiver by bringing suit" was urged, and at no stage of the proceedings until their present brief has there been any suggestion on the part of the defendants that plaintiffs waived their objection to the jurisdiction by the form of their motion to dismiss the counterclaim.

While the District Court filed no opinion in granting plaintiffs' motion to dismiss the counterclaim, defendants regarded the District Court's action as based "on the theory that the plaintiffs had no regular and established place of business within the jurisdiction" (brief in opposition to petition for writ of certiorari, p. 1). The second opinion of the Circuit Court of Appeals makes it clear that it based its decision on the ground that "where the court has jurisdiction, venue is waived in respect of all counterclaims permissible under Equity Rule 30" and that "venue of the court is attributable to the act of plaintiff in the filing of his original bill" (R. 47).

The assignment of errors filed by the defendants in connection with their appeal to the Circuit Court of Appeals raised no question of waiver by the plaintiffs of their objection to the jurisdiction by the form of their motion to dismiss (R. 33) and none was raised in the Circuit Court of Appeals.

On familiar principles it is desirable that this Court should base its decision on its own conclusions as to the correctness or incorrectness of the views on which the courts below based their decisions, and not on a point which was never urged upon or considered by the lower courts. Especially is this so since the question presented to and decided by the lower

courts and brought up for review by this writ of certiorari is one which has been the subject of great conflict of decision.

In support of their argument that the plaintiffs waived their right to object to the jurisdiction by the form of their motion to dismiss the counterclaim (R. 14), defendants' counsel cite the following cases:

*St. Louis & San Francisco Ry. Co.* v. *McBride,* 141 U. S. 127;
*Sandusky Machine Co.* v. *DeLavaud,* 251 Fed. 631;
*Gulf Smokeless Coal Co.* v. *Sutton, Steele & Steele, et al.,* 35 F. (2d) 433;
*Grable* v. *Killits,* 282 Fed. 185.

We point out that each one of these cases deals with the situation where a defendant who has not theretofore been subjected to the jurisdiction of the court for any purpose questions the merits of the plaintiff's suit and also endeavors to question the jurisdiction of the court.

This Court has recognized that there is a distinction between such cases and cases where the party objecting to the jurisdiction is already in court for another purpose. It said in *Ex Parte Indiana Transportation Co.,* 244 U. S. 456 at 458:

> "The only question is whether the petitioner lost its rights by its mode of asserting them; the argument for the respondent being that the exceptions above mentioned amounted to an appearance and plea to the merits, and that thus the absence of service was cured. But it is to be remembered that the motion for leave to intervene was a motion in the cause in which petitioner already had appeared. We should not be astute to treat recognition that it was in court as the case stood before the motion to let in upon it an avalanche of new claims, as waiving what it was the prime and only purpose of the exceptions to prevent. The language of the first exceptions was not as explicit as it might have been but the absence of service seems to us sufficiently covered by the words, 'Because the above-named respondent cannot in law, in this case, be called upon to answer the said amended libel as to 373 additional libellants'.

> The second exception, still insisting on the petitioner's denial that the court had jurisdiction of it in respect of the new claims set up, pleaded further, upon the rule to answer, that the amended libel did not state a cause of action. But if the principles of waiver and appearance by pleading to the merits are not modified in a case where the defendant already is in court, it is true at least that when objections to the jurisdiction have been overruled the defendant does not lose its rights by pleading to the merits."

The first exceptions included not only the words which Justice Holmes quoted as covering the absence of service, but also an exception that the amended libel was contrary to law because it joined 373 libellants who had separate causes of action (244 U. S. at 457, and Transcript of Record in that case). The language seems appropriate to an objection on the ground of misjoinder of parties or causes of action. This Court held that the objection to the jurisdiction had not been waived.

This Court has always asserted the right to distinguish between waivers of jurisdictional objections based on actual intent to waive and those based on some fiction or arbitrary state statute. For example, it has held that the removal of a case from a state court to a federal court is not a waiver of objections to the jurisdiction, even though the appearance in the state court is not stated to be specially for the purpose of removal: *Goldey* v. *Morning News,* 156 U. S. 518; *Wabash Western Ry.* v. *Brow,* 164 U. S. 271; *Cain* v. *Commercial Publishing Co.,* 232 U. S. 124; *Morris & Co. v. Insurance Co.,* 279 U. S. 405, 409.

It has emphatically refused to apply in cases in the federal courts state statutes providing that a special appearance to object to the jurisdiction shall be taken as a general appearance to the next term of the court: *Southern Pacific Co.* v. *Denton,* 146 U. S. 202; *Mexican Central Ry.* v. *Pinkney,* 149 U. S. 194—and this in spite of the fact that the same statute had been held constitutional as applied to cases in the state courts, *York* v. *Texas,* 137 U. S. 15; *Kauffman* v. *Wootters,* 138 U. S. 285.

In *Munter* v. *Weil Corset Co. Inc.*, 261 U. S. 276, it is said at page 278:

> "We have decided in cases which concern the jurisdiction of the federal courts that notwithstanding the Conformity Act, neither the statutes of the States nor the decisions of their courts are conclusive upon the federal court, the determination of such questions being 'in this court alone'."

Defendants' counsel contend for the proposition that when an objection to the jurisdiction is asserted and an objection is also directed to the merits, the objection to the jurisdiction is waived. Such contention we submit pushes the doctrine of waiver beyond its reasonable limits.

We have already pointed out that the plaintiffs in the instant case, by filing their suit against the defendants in the District Court for the Northern District of Ohio, were already in court for the purposes of their own suit. When the defendants filed their answer and counterclaim they did not ask for the issuance of any process to bring the plaintiffs before the court to respond to their counterclaim, nor did they make any attempt to serve any process. Had they done so they would have met with the difficulty that their counterclaim failed to allege either that the plaintiffs were inhabitants of the Northern District of Ohio or that they had committed acts of infringement therein and maintained a regular and established place of business therein, which omissions are apparent on the face of the counterclaim (R. 10-13), and cannot be supplied by reference to the bill of complaint for the reason that it alleges that both plaintiffs are New York corporations (R. 1). After the filing of plaintiffs' motion to dismiss the counterclaim defendants moved to amend their answer (R. 14, 15) by alleging that the plaintiffs had infringed the defendants' patent, but still without specifying that the alleged infringement took place within the Northern District of Ohio. Even after the amendment was allowed (R. 16) the counterclaim failed to allege the necessary facts to give the District Court for the Northern District of Ohio jurisdiction, except by consent of the plaintiffs.

For the defendants' new counsel to assert now for the first time that the plaintiffs gave such consent and to adduce in support of their assertion nothing but the plaintiffs' motion to dismiss the counterclaim (R. 14) on three grounds, the first of which was that the court had no jurisdiction thereof, is, we submit, something of a distortion of the common meaning of language.

Equity Rule 25 specifies that a bill in equity shall contain "a short and plain statement of the grounds upon which the court's jurisdiction depends" and it seems reasonable to apply the same requirement to a counterclaim. Equity Rule 29 provides:

> "Demurrers and pleas are abolished. Every defense in point of law arising upon the face of the bill, whether for misjoinder, nonjoinder, or insufficiency of fact to constitute a valid cause of action in equity, which might heretofore have been made by demurrer or plea, shall be made by motion to dismiss or in the answer; and every such point of law going to the whole or a material part of the cause or causes of action stated in the bill may be called up and disposed of before final hearing at the discretion of the court."

Equity Rule 30 provides:

> "The answer may state as many defenses, in the alternative, regardless of consistency, as the defendant deems essential to his defense."

Since plaintiffs' objection to the jurisdiction was apparent upon the face of the counterclaim, plaintiffs made their motion to dismiss on the ground of lack of jurisdiction, and in the same motion called attention also to other defects appearing upon the face of the counterclaim, but without any suggestion that they intended thereby to waive their objection to the jurisdiction.

Apparently the plaintiffs could have preserved their objection to the jurisdiction under Equity Rules 29 and 30 by replying to the counterclaim and including in their reply, first, their objection to the jurisdiction, second their objection to

the misjoinder of parties, third their objection to the sufficiency of the counterclaim, and fourth their answer to the merits of the allegations of the counterclaim; and any one or all of the first three of these objections could have been called up and disposed of before final hearing at the discretion of the court under the provisions of Equity Rule 29.

In *Wood* v. *Wilbert,* 226 U. S. 384, at 386, this Court said:

> "It was contended in the court below that the appellees, by entering a formal appearance, waived their right to object to the jurisdiction. But they at the same time filed an exception to the jurisdiction, and the District Court decided that the two papers should be considered together, and, so considering them, held that they could not be regarded as a consent on the part of the defendants to submit themselves to the jurisdiction of the court. The ruling is not assigned as error. It is urged further that neither the exception nor the demurrer complied with the thirty-first equity rule, in that the appellees did not made affidavit that they were not interposed for delay. It is sufficient to answer that the objection was not made in the court below and is not assigned as error on this appeal. We therefore pass to the consideration of the question certified."

In that case the district court had held that it had no jurisdiction to entertain the suit except by consent of the defendants. In considering the effect of the entry of "their formal appearance in the usual way" and their objection to the jurisdiction, the district court said (Transcript of Record, *Wood* v. *Wilbert, supra*):

> "I consider these two documents should be construed together, and that, giving them the greatest possible weight they cannot be construed to be a consent, on the part of the defendants, to submit themselves to the jurisdiction of this court."

Whatever may be the practice as to converting an objection to the jurisdiction into a waiver of the objection when a defendant not otherwise before the court answers to the merits or appears generally without waiting for a ruling on his objection to the jurisdiction, it is respectfully submitted

that in the instant case where the plaintiffs were already in court for the purposes of their own suit, the contention that they have waived their objection to the jurisdiction should not be sustained. They insisted on their objection in the District Court and in the Circuit Court of Appeals (R. 42, 44). No process was attempted to be served on the plaintiffs to bring them into court on the counterclaim; and as they were already in court for the purposes of their own suit there was nothing to require them to enter an appearance, either general or special. No claim of waiver was made in the District Court or in the Circuit Court of Appeals, or in the brief filed in opposition to the petition for writ of certiorari.

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In the last full paragraph of the text on page 24 of the respondents' brief, counsel say that we have suggested that the original suit on which were based the contempt proceedings considered in *Leman* v. *Krentler-Arnold Hinge Last Co.*, 284 U. S. 448, was governed by the Conformity Act. Respondents' counsel are in error. On page 21 of our main brief, we stated that in *Frank L. Young Co.* v. *McNeal Edwards Co.*, 283 U. S. 398, this Court held that under a Massachusetts statute and the Conformity Act, the U. S. District Court in Massachusetts had acquired jurisdiction. Our reference was not to *Leman* v. *Krentler-Arnold* at all.

---

In conclusion, we respectfully submit that the order dismissing defendants' counterclaim was not final and is not appealable until after final decree has been entered; that plaintiffs have properly asserted and preserved their objection to the jurisdiction; and that the district court has no jurisdiction to entertain the counterclaim without the consent of the plaintiffs.

CHARLES NEAVE,
LAWRENCE BRISTOL,
Counsel for Petitioners.

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# In the Supreme Court of the United States

OCTOBER TERM, 1931.

No. [redacted] 57

GENERAL ELECTRIC COMPANY AND
CARBOLOY COMPANY, INC.,
*Petitioners,*

vs.

THE MARVEL RARE METALS COMPANY,
THE OHIO INSTRUMENT MANUFACTURING COMPANY,
CHARLES L. GEBAUER AND C. F. W. BATES,
*Respondents.*

## BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

THE MARVEL RARE METALS COMPANY,
THE OHIO INSTRUMENT MANUFACTURING COMPANY,
CHARLES L. GEBAUER AND CHAS. F. W. BATES,
By HAROLD ELNO SMITH,
Hanna Bldg., Cleveland, Ohio,
*Counsel for Respondents.*

Cleveland, Ohio,
May 14, 1932.

THE GATES LEGAL PUBLISHING CO., CLEVELAND, O.

# In the Supreme Court of the United States

**OCTOBER TERM, 1931.**

## No. 922.

GENERAL ELECTRIC COMPANY AND
CARBOLOY COMPANY, INC.,
*Petitioners,*

vs.

THE MARVEL RARE METALS COMPANY,
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THE MARVEL RARE METALS COMPANY,
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Hanna Bldg., Cleveland, Ohio,
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Cleveland, Ohio,
May 14, 1932.

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# In the Supreme Court of the United States

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CHARLES L. GEBAUER AND C. F. W. BATES,
*Respondents.*

## BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

### I. STATEMENT OF THE CASE.

General Electric Company and Carboloy Company, petitioners (hereinafter sometimes denominated "plaintiffs"), being corporations and residents of New York, filed suit for patent infringement against respondents (hereinafter sometimes denominated "defendants") at Cleveland, Ohio. Defendants' answer asserted a counterclaim for patent infringement coupled with a suggestion of interfering patents (Tr. pp. 10-13). The District Court at plaintiffs' motion dismissed the counterclaim, apparently on the theory that the plaintiffs had no regular and established place of business within the jurisdiction, although the District Court gave no reasons and filed no opinion. (Tr. pp. 15-18.) Since the counterclaim contained a prayer for injunction which was effectually denied by its dismissal, defendants took in-

terlocutory appeal to the Circuit Court of Appeals for the Sixth Circuit within thirty days, in strict accordance with Judicial Code, Sec. 129, (Tr. pp. 29-33), and also applied for Writ of Prohibition to prevent trial of the Bill until the Appeal should have been decided. Plaintiffs moved to dismiss the appeal upon the technical ground that (despite the counterclaim containing a prayer for an injunction) its dismissal was not appealable "until after the entry of the final decree in the case." (Tr. pp. 39-40.) The Circuit Court of Appeals thereupon both denied the plaintiffs' motion to dismiss and reversed the action of the District Court in explicit reliance upon the decision of this Court in *Leman et al. vs. Krentler-Arnold Hinge Last Co.* (No. 332, this term, decided Feb. 15, 1932) and also dismissed the Writ of Prohibition (Tr. pp. 41-2) which was no longer necessary.

## II. POINTS.

(1) While the decision of the Circuit Court of Appeals for the Sixth Circuit in the case of *Naivette Inc. vs. Philad Co.*, 54 F. (2nd) 623, is undoubtedly in conflict with that of the Circuit Court of Appeals fo the Second Circuit in the cases of *Radio Corp. vs. J. H. Bunnell & Co.*, 298 Fed. 62, and *Allied Metal Stamping Co. Inc. vs. Standard Electric Equipment Corp.*, 55 F. (2nd) 221, this conflict concerns only a preliminary and procedural point in the instant case, which has now become entirely moot and not sufficient to warrant a writ of certiorari, seeing that no substantive injustice has been done or threatened.

(2) This petition is premature since the order required by the mandate is not a final decree and there has been no trial nor even an answer filed to the defendants' counterclaim.

(3) While the Supreme Court undoubtedly has the right to issue its Writ of Certiorari at any time, it is rarely

done under interlocutory conditions, where no substantive injustice has been either done or threatened, and merely because of a conflict of decisions in other courts in respect of matters of mere procedure.

## III. RESPONDENTS' ARGUMENT.

(4) Substantive justice has been done since the decision of the Circuit Court of Appeals was in exact accordance with the decision of this Court in the *Leman* case first referred to.

(5) Petitioners' sole question concerns a moot point of procedure; moot because merged in the decision of the Appellate Court that the District Court's decision was wrong, and procedural, merely, because the petitioners' sole ground is that the Appellate Court did justice *too promptly*, viz.:

> "the order of the District Court dismissing the counterclaim filed by the defendants in the court below, is not appealable until after the entry of the final decree in the case." (Tr. pp. 70-1.)

(6) The Appellate Court, by a single act,

(a) denied the plaintiffs' motion to dismiss the appeal; and

(b) reversed the District Court in accordance with an exact precedent of this Court.

Petitioners, hence, complain:

(a) That the Appellate Court, knowing that the respondents were right and the District Court in error according to the established holding of the Supreme Court, ought nevertheless to have denied them the privilege of having the District Court's error corrected by an interlocutory decree pursuant to Sec. 129 of the Judicial Code, and compelled them to go through an expensive, footless trial under adverse conditions.

(b) That the precedent of this Court set forth in the *Leman* case is wrong and that Equity Rule 30 is

in conflict with statute and, therefore, void. This mere statement of the petitioners' position shows how indefensible it is.

(7) This petition is premature since the decision complained of is merely interlocutory. It is, of course, quite permissible and proper for the Supreme Court, if its conscience shall so direct, to depart from its established practice of allowing certiorari only from final decrees, and in cases where it seems clear that injustice has been done. Here, however, is no injustice; there has been no trial at all. The evidence may prove the absence of any substantial rights in anybody. Even if there were any unsettled question of law between Equity Rule 30 and 28 U. S. Code 109 as petitioners aver (although respondents understand this to have been settled by the *Leman* decision), this infant case would not seem to constitute an expedient occasion for settling a question of such grave moment; and certainly it does not seem fitting that the wheels of justice should be commanded to stand still under these incomplete conditions merely to inquire whether the Circuit Court of Appeals of the Sixth Circuit was right in affording the respondents the immediate benefit of the *Leman* case or whether it ought to have denied justice until after final decree in accordance with the procedure alleged to be current in the Second Circuit. Unless the Supreme Court can see present injustice in the instant case it would seem unnecessary to place on these unwealthy defendants the burden of any moot litigation.

Wherefore the respondents respectfully submit that the petition for Writ of Certiorari should be dismissed.

THE MARVEL RARE METALS COMPANY,
THE OHIO INSTRUMENT MANUFACTURING COMPANY,
CHARLES L. GEBAUER AND CHAS. F. W. BATES,
By HAROLD ELNO SMITH,
*Counsel for Respondents.*

Cleveland, Ohio,
May 14, 1929.

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# In the Supreme Court of the United States

**OCTOBER TERM, 1932.**

## No. 57.

GENERAL ELECTRIC COMPANY AND
CARBOLOY COMPANY, INC.,
*Petitioners,*

vs.

THE MARVEL RARE METALS COMPANY,
THE OHIO INSTRUMENT MANUFACTURING COMPANY,
CHARLES L. GEBAUER AND C. F. W. BATES,
*Respondents.*

## BRIEF IN BEHALF OF RESPONDENTS.

THE MARVEL RARE METALS COMPANY,
THE OHIO INSTRUMENT MANUFACTURING COMPANY,
CHARLES L. GEBAUER AND C. F. W. BATES,
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THE GATES LEGAL PUBLISHING CO., CLEVELAND, O.

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# In the Supreme Court of the United States

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THE OHIO INSTRUMENT MANUFACTURING COMPANY,
CHARLES L. GEBAUER AND C. F. W. BATES,
*Respondents.*

## BRIEF IN BEHALF OF RESPONDENTS.

### STATEMENT OF CASE.

Respondents, hereinafter referred to as defendants, supplement the statement of petitioners, hereinafter referred to as plaintiffs, as follows:

Defendants' answer filed June 11, 1931 denied infringement (paragraph 9 of answer, Tr. p. 7), alleged that the patents sued upon are completely invalid and void for the reason that the invention and all substantial parts thereof were fully set forth and described in certain letters patent issued to defendant Charles L. Gebauer (paragraph 13 of answer, Tr. p. 8), and alleged public use by defendants more than two years prior to the patents sued upon. (Paragraph 15 of answer, Tr. p. 9.) The answer also included a counterclaim against plaintiffs for infringement

of one of the Gebauer patents set up in anticipation of plaintiffs patents. (Paragraphs 18 to 27 of answer, Tr. pp. 10-13, paragraph 20a added by amendment, Tr. pp. 14, 15.)

Plaintiffs filed a motion June 29, 1931 to dismiss the counterclaim on three grounds.

(1) That the court has no jurisdiction thereof.

(2) That there is a misjoinder of parties.

(3) That said counterclaim does not set forth facts sufficient to constitute a valid cause of action or a counterclaim in equity against these defendants. (Tr. p. 14.)

Defendants on July 21, 1931 moved to amend their answer by addition of paragraph 20a alleging acts of infringement by plaintiffs. (Tr. pp. 14, 15.)

An order dismissing the counterclaim without stating grounds of dismissal was entered Sept. 9, 1931. (Tr. pp. 15, 16.)

An order granting leave to amend answer was entered Sept. 9, 1931. (Tr. p. 16.)

In their decision of March 11, 1932, the Circuit Court of Appeals stated that the District Court had dismissed the counterclaim "as not germaine to the cause of action set forth in the bill of complaint." (Tr. p. 38.)

In their memorandum supporting their petition for rehearing, the plaintiffs asserted that defendants' amendment to the answer substantially eliminated the second and third grounds of their motion to dismiss the counterclaim, leaving only the first ground, namely, lack of jurisdiction. (Tr. p. 44.)

The memorandum then brings into the record for the first time the question of jurisdiction over the person of plaintiffs.

The questions brought up for review are:

(1) Was the order of the District Court in this case dismissing the counterclaim, which asked for an injunction, appealable?

(2) Did the District Court have jurisdiction over the person of the plaintiffs for the purpose of the counterclaim?

## SUMMARY OF ARGUMENT.

### RIGHT OF APPEAL.

The Courts in the Third, Fifth and Sixth Circuits have construed title 28, Sec. 227 U. S. Code, Sec. 129 Jud. Code, according to its plain and obvious meaning without implied limitations with respect to the character of the hearing, the wording of the order or decree or the nature of the injunctive relief denied and affirm the right of appeal from an interlocutory order dismissing a portion of a bill of complaint or a counterclaim in which injunctive relief is asked.

*Ward Baking Co. et al. v. Weber Bros.*, 230 F. 142, C. C. A. 3d;

*Historical Publishing Co. v. Jones Bro. Publishing Co.*, 231 Fed. 638, C. C. A. 3d;

*Banco Mercantil Americano de Cuba v. Taggart Coal Co.*, 276 Fed. 388, C. C. A. 5th;

*Emery et al. v. Central Trust & Safe Deposit Co.*, 204 Fed. 965, C. C. A. 6th;

*Naivette, Inc., v. Philad Co., et al.*, 54 Fed. 2nd 623, C. C. A. 6th.

The Court of Appeals of the Second Circuit has construed the same section in three decisions, two of which deny the right of appeal in a patent suit from an order dismissing a counterclaim in which an injunction is asked for.

*Radio Corporation of America v. J. H. Bunnell Co.*, 298 Fed. 62, C. C. A. 2nd;

*Allied Metal Stamping Co. v. Standard Electric Equipment Corp'n.*, 55 Fed. 2nd 221, C. C. A. 2nd;

*Cincinnati Car Co. v. N. Y. Rapid Transit Corp'n.*, 52 Fed. 2nd 44, C. C. A. 2nd.

The *Radio Corporation* and the *Allied Metal Stamping Company* cases imply limitations in the meaning of this Section, which, though not precisely defined, are held to exclude appeals from orders dismissing a counterclaim in which an injunction is asked.

The *Cincinnati Car Company* case adopts a line of reasoning apparently contrary to that in the *Radio Corporation* and *Allied Metal Stamping Co.* cases but consistent with the construction of the statute in the Third, Fifth and Sixth Circuits.

The decision of the Courts in the Third, Fifth and Sixth Circuits offer a construction founded solidly on the unambiguous language of the statute, which leaves no uncertainties as to the application of the statute to future cases.

The decisions of the Court of Appeals of the Second Circuit are based on the less secure foundation of abstruse legal reasoning, adopting different constructions as applied to different situations, and leaving to conjecture the meaning of the section as it may apply to future cases.

> "The plain, obvious and rational meaning of a statute is always to be preferred to any curious narrow hidden sense that nothing but the exigency of a hard case and the ingenuity and study of an acute and powerful intellect would discover."

*Lynch v. Alworth-Stephens Co.*, 267 U. S. 367; 69 L. E. 660;

*Old Colony Ry. Co. v. Commissioner of Internal Revenue,* 76 L. E. 317; Feb. 15, 1932;

*Lynch v. Alworth-Stephens Co.,* 294 Fed. 190, C. C. A. 8th;

*United States v. Missouri Pacific Ry. Co.,* 213 Fed. 169, C. C. A. 8th.

Equity rule 30 is intended to permit in so far as practicable determination at one hearing of all equitable controversies between the parties, even though the bill and counterclaim set forth independent causes of action.

*American Mills Co. v. American Surety Co.,* 260 U. S. 360, 67 L. E. 306.

Dismissal of a counterclaim for infringement of a patent other than that upon which the bill is based deprives a defendant of a right which Equity rule 30 intends to confer, since the rights of both parties cannot be determined in a hearing on the original bill. In this respect the facts of the present case differ from the facts considered in

*Bowker v. United States,* 186 U. S. 134, 46 L. E. 1090.

Since the counterclaim constitutes a separable cause of action which must be sustained by proof not admissible in defense of the original bill, final determination of the issues by a single decision and a single appeal from such decision may be prevented unless bill and counterclaim are treated as co-ordinate to the extent of considering dismissal of the counterclaim an order as final as one dismissing the original bill. The finality of a decree or order is determined by its substance and effect, not by its form.

*Rosenberg Bros. & Co., Inc. v. Curtis-Brown Co.,* 260 U. S. 516, 67 L. E. 372.

## JURISDICTION.

That plaintiffs by filing suit in the District Court submitted themselves to the jurisdiction of the court for purposes of a counterclaim is authoritatively settled by the decision in

*Leman v. Krentler Arnold Hinge Last Co.*, 76 L. E. 336, Feb. 15, 1932.

The plaintiffs' motion to dismiss the counterclaim did not raise the question of jurisdiction over the person, but was a pleading directed to the merits of the case. Even if plaintiffs had not subjected themselves to the jurisdiction of the court by filing the bill, they did so by filing a motion to dismiss the counterclaim on the ground that the bill did not set set forth a valid cause of action.

*St. Louis & San Francisco Ry. Co. v. McBride*, 141 U. S. 127, 35 L. E. 659;

*Grable v. Killetts*, 282 Fed. 185, C. C. A. 6th;

*Gulf Smokeless Coal Co. v. Sutton, Steele & Steele*, 35 Fed. 2d 433, C. C. A. 4th;

*Sandusky Foundry & Machine Co. v. DeLavaud*, 251 Fed. 631, D. C. N. D. Ohio E. D.

## ARGUMENT.

### Right of Appeal Under Sec. 129 Judicial Code.

The decision of the Circuit Court of Appeals of the Third Circuit in *Ward Baking Company v. Weber Bros.*, 230 Fed. 142, is a very carefully considered decision by Judge McPherson which reviews the history of Sec. 129, Jud. Code, beginning with Section 7 of the Act of March 3, 1891, establishing the Circuit Court of Appeals and considering the successive amendments to this Section during the period between the Act of 1891 and the Act of March 3, 1911, establishing the Judicial Code, and the construc-

tion which the Courts have given to the original Section and the successive amendments thereto.

The *Ward Baking Co.* case was a suit for infringement of certain patents and the appeal to the Court of Appeals was from a decree holding certain claims of these patents valid and infringed, other claims invalid and others not infringed.

The decree appealed from did not place the defendants under an injunction, but merely ordered them to account.

The appeal was taken by plaintiff and was justified by the Court of Appeals on the grounds that it was an appeal refusing an injunction.

Sec. 7 of the Act of 1891 establishing the Circuit Courts of Appeal (Act of March 3, 1891, c. 517) provided as follows:

> "* * * Where, upon a hearing in equity in a District Court, or in an existing Circuit Court, an injunction shall be granted or continued by an interlocutory order or decree, in a cause in which an appeal from a final decree may be taken under the provisions of this Act to the Circuit Court of Appeals, an appeal may be taken from such interlocutory order or decree granting or continuing such injunction to the Circuit Court of Appeals."

The Act of February 18, 1895, c. 96, 28 Stat. 666, changed Section 7 to read:

> "Where, upon a hearing in equity in a District Court, an injunction shall be granted, continued, refused, or dissolved by an interlocutory order or decree, or an application to dissolve an injunction shall be refused, in a case in which an appeal from a final decree may be taken under the provisions of this act to the Circuit Court of Appeals, an appeal may be taken from such interlocutory order or decree granting, continuing, refusing, dissolving, or refusing to dissolve an injunction to the Circuit Court of Appeals."

The Act of June 6, 1900, c. 803, 31 Stat. 660, changed this Section to read as follows:

> "Where, upon a hearing in equity in a District Court or in a Circuit Court, or by a judge thereof in vacation, an injunction shall be granted or continued, or a receiver appointed, by an interlocutory order or decree, in a cause in which an appeal from a final decree may be taken under the provisions of this Act to the Circuit Court of Appeals, an appeal may be taken from such interlocutory order or decree granting or continuing such injunction or appointing such receiver to the Circuit Court of Appeals." (Act April 14, 1906, c. 1627, 34 Stat. 116.)

The Act of March 3, 1911, c. 231, 36 Stat. 1134, incorporates this section in paragraph 2 of Section 129, Judicial Code, which reads as follows:

> "Where, upon a hearing in equity in a District Court, or by a judge thereof in vacation, an injunction shall be granted, continued, refused, or dissolved by an interlocutory order or decree, or an application to dissolve an injunction shall be refused, or an interlocutory order or decree shall be made appointing a receiver, an appeal may be taken from such interlocutory order or decree granting, continuing, refusing, dissolving, or refusing to dissolve, an injunction, or appointing a receiver, to the Circuit Court of Appeals, notwithstanding an appeal in such case might, upon final decree under the statutes regulating the same, be taken directly to the Supreme Court."

It will be noted that Section 7 of the Act of 1891 originally provided for appeals only from interlocutory orders or decrees granting or continuing an injunction.

The Act of February 1895 enlarged the right of appeal to include interlocutory orders or decrees refusing or dissolving an injunction or refusing an application to dissolve an injunction.

The Act of June 6, 1900, eliminated the right of appeal from an interlocutory order or decree refusing or dissolv-

ing an injunction or refusing an application to dissolve an injunction and added the right of appeal from an order appointing a receiver.

The Act of March 3, 1911, amended the Act of June 6, 1900, by reinserting the language of the Act of February 18, 1895, permitting appeals from interlocutory orders or decrees, refusing or dissolving an injunction, or refusing an application to dissolve an injunction.

During the five years intervening between the Acts of 1895 and the Act of 1900, this section was construed in a number of decisions but, apparently, the question as to what constitutes an interlocutory order or decree, refusing an injunction was not considered.

Under Sec. 7 of the Act of 1891, it was established that an appeal could be taken from an interlocutory decree in a patent infringement suit granting an injunction, and, that, upon such an appeal, the Court of Appeals may consider and decide the merits of the case. (*Smith v. Vulcan Iron Works,* 165 U. S. 518, 41 L. E. 810.)

Under the same section as amended by the Act of June 6, 1900, it was established that in a patent infringement case where a decision was in part favorable to plaintiff and in part favorable to defendant, some claims being held valid and infringed and other claims held void or not infringed, defendant could appeal but the plaintiff could not maintain a cross appeal. (*Ex parte National Enameling Co.,* 201 U. S. 156, 50 L. E. 707.)

Under the Statute then in force, as pointed out in *Page Machine Company v. Dow, Jones & Company,* 168 Fed. 704, C. C. A. 2nd, the Circuit Court of Appeals might be forced to consider two appeals on practically the same record sometimes years apart before final determination of the controversy.

Judge McPherson, in the *Ward Baking Company* case apparently assumed that the amendment of the Section

embodied in the Act of March 3, 1911, was intended to remedy the defect pointed out in *Page Mach. Company* case and, affirmed the right, under Section 129, of the plaintiff in a patent infringement suit to appeal from a decree holding certain of these claims invalid on the ground that the decree was one refusing the plaintiff an injunction, with the following comment:

> "In other words, since the plaintiff is the party adversely affected by the refusal or the dissolution of an injunction, the section now gives the plaintiff the right to appeal therefrom. This covers the situation where a bill has been dismissed as to certain claims of a patent, whether the dismissal be put on the ground that the claims are void or on the ground that they have not been infringed; for there can be no more effectual refusal of an injunction than to dismiss the bill that asks for such relief."

The *Ward Baking Company* case itself presented an awkward situation in that, while the plaintiff was allowed an appeal, the defendant was held not to be entitled to maintain a cross appeal since the decree did not place the defendants under an injunction. This situation was apparently intended to be remedied by the Act of February 28, 1927, C. 228, 44 Stat. 1261, Title 28, Sec. 227a U. S. Code, which reads as follows:

> "When in any suit in equity for the infringement of Letters Patent for inventions a decree is rendered which is final except for the order of an accounting. An appeal may be taken from such decree to the Circuit Court of Appeals provided that such appeal be taken within thirty days from the entry of such decree or from February 28, 1927, and the proceedings upon the accounting in the court below shall not be stayed unless so ordered by that court during the pendency of such appeal."

It is apparent from the history of this section that the consistent purpose of Congress in the amendments of March

3, 1911 and February 28, 1927, was to simplify court procedure and to restrict cases insofar as possible to a single trial and a single appeal.

In view of the character of these amendments, they are clearly entitled to liberal interpretation. It is, therefore, believed that Judge McPherson was right in judging the order by its effect rather than its form and in his conclusion that there can be no more effectual refusal of an injunction than to dismiss the bill that asks for such relief.

It was concluded by the Court in the *Ward Baking Company* case that dismissal of a bill as to some of the claims alleged to be infringed is a refusal of an injunction. Certainly the dismissal of the entire bill is the refusal of an injunction, and it would not seem to be material upon what grounds or at what state of the proceedings the court dismisses the bill, there being nothing in the statute limiting it in this respect.

In *Historical Publishing Co. v. Jones Bros. Publishing Co.*, 231 Fed. 638, suit was brought for infringement of two copyrights and, after a hearing on pleadings and proofs, the bill was dismissed as to one of the copyrights "for lack of proof of title in the plaintiffs at any date prior to the filing of the bill." Plaintiff's right of appeal in this case was sustained, Judge McPherson expressing the opinion of the court as follows:

> "The motion rests upon the authority of *Ex parte National Enameling Co.*, 201 U. S. 156, 26 Sup. Ct. 404, 50 L. Ed. 707, and need not be discussed at length, as we have had occasion recently to examine and decide the same question in *Ward Baking Co. v. Weber Bros.*, 230 Fed. 142, C. C. A. The opinion in that case will be reported in due season, but we may restate briefly what was there decided, namely: That section 129 of the Judicial Code allows a plaintiff to appeal, if an injunction be refused or dissolved by an interlocutory

order or decree (thus remedying the situation presented in *Ex parte National Enameling Co.*); and that the partial dismissal of such a bill as the one before us is the clear equivalent of a refusal. The motion to dismiss is therefore overruled."

In *Banco Mercantil Americano de Cuba v. Taggart Coal Company,* 276 Fed. 388, the Circuit Court of Appeals of the Fifth Circuit held that an order dismissing a bill from the equity side of the court and transferring it to the law side was appealable under Sec. 129, Judicial Code. In this case the bill alleged indebtedness of defendant to the complainant and that, under a contract, certain property in possession of defendant was held by defendant in trust for complainant and prayed for an injunction to restrain transfer of this property. Defendant in that case moved to dismiss the appeal and the court's decision as to the right of appeal was as follows:

"The bill prayed for an accounting, that a trust in favor of the appellant be decreed and impressed upon the coal that remained unsold, and that appellees be required to deliver to appellant the notes and trade acceptances, and the proceeds derived from the sales which still remained in their hands, and that they be enjoined from disposing of any coal in their possession, and from negotiating or incumbering the notes and trade acceptances remaining in their custody or control, and for general relief.

"Appellees move to dismiss the appeal on the ground that the decree of the District Court was not final within the meaning of section 128 of the Judicial Code (Comp. St. Art. 1120).

"It need not be decided whether an order that dismisses a bill from the equity side of the court and transfers it to the law side under Equity Rule 22 (198 Fed. XXIV, 115 C. C. A. XXIV) is final or interlocutory, for the reason that in this suit an injunction is prayed for and in effect denied, and the order entered, though not final, may be appealed from under section 129 of

the Judicial Code (Comp. St. Art. 1121). The Motion to dismiss the appeal is denied."

In *Emery et al. v. Central Trust & Safe Deposit Co.*, 204 Fed. 965, the Court of Appeals of the Sixth Circuit considered the right of appeal on the dismissal of a cross bill asking for a stay of proceedings. It was held in that case that the particular cross bill under consideration asked for a stay in the case in which the stay would operate, and was therefore not asking for an injunction. The appeal was for this reason denied, but the court expressed the opinion that had the cross bill asked for a stay of proceedings in another case, an order dismissing the cross bill would have been appealable. In this connection the Court said:

> "Appellants base the right of appeal on section 129 of the Judicial Code, which gives an appeal from an order or decree in equity granting or refusing an injunction. They contend that the dismissal of the cross-bill was a denial of the requested stay of proceedings in the two original suits, and that an injunction was thus denied within the meaning of section 129 of the Code. We think an order refusing a stay of proceedings, made in a case other than that in which the stay is operative, amounts to a denial of an injunction, under the section invoked, but that an order refusing a stay, made in the case in which the desired stay would operate, would not amount to such denial of injunction."

In *Naivette v. Philad Co.*, 54 Fed. 2d. 623, the Circuit Court of Appeals of the Sixth Circuit held that an order striking out a counterclaim seeking injunction against alleged unfair competition was appealable under Section 129 of the Judicial Code. In this case, defendant's answer stated a counterclaim based on unfair competition by the plaintiff against the defendant and concluded with a paragraph praying that the bill be dismissed, that an injunction

be issued against the plaintiff to restrain the unfair competition and that plaintiff account to the defendant for the damages caused thereby. In this decision, the court refers to its former decision in *Kelsey Wheel Co. v. Universal Rim Co.*, 296 Fed. 616 C. C. A. 6th, in which it had been held that an interlocutory decree holding some claims valid and other claims invalid, could be appealed from by the plaintiff under Sec. 129 Jud. Code, the facts of the *Kelsey* case being on all fours with the *Ward Baking Company* case above referred to.

In the *Naivette* case, the Court considered the facts in the *Kelsey Wheel Co.* case "analogous to if not identical with" the facts presented in the *Naivette* case.

The cases above discussed adopt the simple and obvious construction of the statute and assume that the statute means exactly what it says. They do not assume, and there is no apparent reason for assuming that the order or decree appealed from must be an express denial of injunctive relief or that the hearing upon which the order or decree is based must be a final hearing. The *Ward Baking Co.* case and the *Kelsey Wheel Co.* case very reasonably infer that granting an injunction only on some of the claims sued upon is a refusal of an injunction as to the remaining claims, and these cases as well as the *Historical Publishing Co.* case are based upon the principle that dismissal of a bill is a refusal of each and every prayer of the bill.

In *Radio Corporation of America et al. v. J. H. Bunnell & Co., Inc.*, 298 Fed. 62, the Circuit Court of Appeals of the Second Circuit held that appeal does not lie under Section 129 of the Jud. Code from an order dismissing a counterclaim in a patent infringement suit in which, among other things, injunctive relief against the plaintiff or some of them was asked. In this case the Court disposed of the matter as follows:

"Nor could any appeal be taken under Judicial Code, Article 129 Comp. St. Art. 1121. That well-known section does not grant the right of appeal when in a District Court 'an injunction shall be * * * refused * * *'; but such appeal must be taken from an 'interlocutory order or decree * * * refusing * * * an injunction. * * *' No order was ever entered herein refusing an injunction, if for no other reason than that no injunction was ever formally asked for.

"This section of the Judicial Code cannot be invoked to sustain the right of appeal, where no question of the right to injunctive relief is raised, or even suggested."

The obvious implication of this decision is that the interlocutory decree or order must be in the form of an order or a decree refusing an injunction, and that the decree or order must be a decision on a motion for injunction. The decision is contrary to the reasoning in the *Ward Baking Company* case and the *Historical Publishing Co.* case decided by the Circuit Court of Appeals in the Third Circuit and contrary to the reasoning in the *Banco* case in the Fifth Circuit, since in none of these cases did the order specifically refuse an injunction. The decision cites the *Emery* case from the Sixth Circuit, but merely as authority for holding that the decree was not final and without referring to the opinion expressed therein as to the effect of dismissing a cross bill asking for stay of proceedings in a case other than that in which the bill is brought.

In *Allied Metal Stamping Co. Inc. v. Standard Electric Equipment Corp'n,* 55 Fed. 2nd, 221, the Court of Appeals of the Second Circuit decided a case exactly parallel with the present case. In a suit for patent infringement the defendant's answer set up a counterclaim against the plaintiff for the infringement of another patent. The plaintiff moved to dismiss the counterclaim for lack of jurisdiction on the ground that plaintiff was not

shown to have been guilty of the infringement in the Eastern District of New York. The motion to dismiss was granted and the defendant appealed. In its decision the court referred to the *Naivette* case, Sixth Circuit, but it adhered to the ruling in the *Radio Corporation* case, holding that such an order is not so clearly a refusal of an interlocutory injunction as to authorize an appeal.

In *Cincinnati Car Co. v. New York Rapid Transit Corp.*, 52 Fed. 2d. 44, the Court of Appeals of the Second Circuit held an order appealable under the following state of facts. The suit was for infringement of a patent and the Court had entered a decree upholding the validity of the patent and giving leave for defendant to submit to the master a substitute construction which defendant alleged avoided infringement, and authorizing the master to receive evidence from both parties on the question of infringement and report his findings. The Master found that neither of the patents in suit was infringed by the substitute construction. His report was confirmed and plaintiffs appealed from the order confirming the master's report. In this case the Court said:

> "In the instant case, all that is embraced in the appeal pertains directly to the subject matter of the order; the facts were fully presented and considered below; the whole record is before us, and a decision, which will dispose of this new controversy can be made now as well as later. We are of the opinion that such an appeal comes within Jud. Code, Art. 129, as amended (28 U. S. C. A. Art. 227), and proceed to consider the merits."

This decree certainly was not a direct refusal of an injunction, such as the Court said was necessary in the *Radio Corporation* case. If it modified the injunction already granted, it was only in a very indirect way. Furthermore, it was not a refusal of a prayer by plaintiff for an injunction.

The *Cincinnati Car Company* case is directly in line with the *Ward Baking Company* and *Historical Publishing Co.* cases in the Second Circuit and is a rather liberal interpretation of the statute, as distinguished from the limited and technical interpretation placed on the Statute in the *Radio Corporation* and the *Allied Metal Stamping Company* cases.

The decisions in the 3rd, 5th and 6th circuits judge the interlocutory order by its effect and not by its terms which we submit is the correct way to interpret the Statute to give effect to the intent of Congress. It is reasonable to assume that Sec. 129 should be interpreted liberally enough to enable it to correct the deficiency in practice pointed out in the *Page Machine Company* case, *i.e.*, to prevent successive appeals.

The *Cincinnati Car Company* case seems to imply that the order or decree must follows a full hearing on the merits of the case. There is no qualification in the Statute, however, as to the character of the hearing upon which the decree or order is granted and the same reasoning which would justify an appeal from a decree after a final hearing would justify an appeal from a dismissal of a bill or counterclaim, or a part of a bill or counterclaim, asking for injunctive relief prior to final hearing as was done in the present case. Allowing a plaintiff to appeal from a decree holding some of his claims invalid or not infringed is a reasonable interpretation of the Statute in that it will make unnecessary separate appeals by the defendant and plaintiff which may be years apart. Hearing an appeal from an order dismissing the counterclaim prior to final hearing will have the same beneficial result. The benefit of allowing such an appeal is even greater than allowing a plaintiff a cross appeal, since in addition to making unnecessary a second appeal on the merits it will make un-

necessary a second hearing on the merits in the lower court. For example, if it be held that an order dismissing a counterclaim prior to final hearing is not appealable, the lower court must proceed to hearing on the plaintiff's case after dismissing such a counterclaim. If the plaintiff's patent is sustained in whole or in part a decree is entered granting plaintiff an injunction and referring the case to a Master. The defendant may appeal and the plaintiff may also appeal if the decision is unfavorable as to some of his claims. If the Court of Appeals should hold that the order dismissing the counterclaim was improperly granted the case will be remanded for a hearing on defendant's counterclaim. If the decision is favorable on defendant's counterclaim an injunction is granted and the second reference is made to the master. From this decision either the plaintiff alone or both the plaintiff and defendant may take another appeal.

A construction wholly consistent with the language of the section which corrects deficiencies in practice which are obviously intended to be corrected should be preferable to a harsh and technical rule such as has been applied in the Second Circuit. It is believed that the rule stated by Judge Sanborn in *Lynch v. Alworth-Stephens Company,* 294 Fed. 190, C. C. A. 8th, applies with particular force to the facts of the present case. This rule which has been quoted with approval by the Supreme Court in an appeal from the decision above referred to, 267 U. S. 367; 69 L. E. 660, and also in *Old Colony Ry. Co. v. Commissioner of Internal Revenue,* 76 L. E. 317 is as follows:

> "The plain obvious and rational meaning of a Statute is always to be preferred to any curious, narrow hidden sense that nothing but the exigency of a hard case and the ingenuity and study of an acute or a powerful intellect would discover."

A decree or order dismissing a counterclaim is as conclusive in character when rendered upon a motion to dismiss for lack of jurisdiction as when such a counterclaim is dismissed after a final hearing by an interlocutory decree after a final hearing. If Congress had intended to introduce any such limitation as implied in the decisions in the Second Circuit, such limitation would have been expressly stated in the Statute.

It is believed that the decisions in the Second Circuit are contrary to the rule of construction stated by Judge Sanborn in *U. S. v. Missouri Pacific Ry. Co.*, 213 Fed. 169, C. C. A. 8th:

> "But where the legislative body makes no exception to a general and clear declaration of its will, the conclusive presumption is that it intended to make none, and it is not the province of the courts to do so. *Madden v. Lancaster Co.*, 65 Fed. 188, 195, 12 C. C. A. 566, 573; *Omaha Water Co. v. City of Omaha*, 147 Fed. 1, 13, 77 C. C. A. 267, 279, 12 L. R. A. (N. S.) 736, 8 Ann. Cas. 614; *Armour Packing Co. v. United States*, 153 Fed. 1, 18, 21, 82 C. C. A. 135, 152, 155, 14 L. R. A. (N. S.) 400; *Lafayette Co. v. Wonderly*, 92 Fed. 313, 316, 34 C. C. A. 360, 363; *Webber v. St. Paul City Ry. Co.*, 97 Fed. 140, 143, 38 C. C. A. 79, 82."

It is also believed that the rational, sensible and practical interpretation of the Statute which is best designed to further the purpose of the Act is that adopted by the Court of Appeals for the Sixth Circuit.

In *U. S. v. Missouri Pacific Ry. Co.*, Judge Sanborn said:

> "Another approved rule of construction is that a rational, sensible and practical interpretation of a Statute, one which will permit the accomplishment of the purpose of the Act, should be preferred to one which is unreasonable or impracticable, or that would hinder or retard the accomplishment of that purpose.

*United States v. Ninety-nine Diamonds,* 139 Fed. 961, 965, 72 C. C. A. 9, 13, 2 L. R. A. (N. S.) 185; *Stevens v. Nave-McCord Mercantile Co.,* 150 Fed. 70, 75, 80 C. C. A. 25, 29; *American Bonding Co. v. Pueblo Investment Co.,* 150 Fed. 17, 27, 80 C. C. A. 97, 107, 9 L. R. A. (N. S.) 557, 10 Ann. Cas. 357; *McPhee & McGinnity Co. v. Union Pacific Ry. Co.,* 158 Fed. 5, 17 87 C. C. A. 619, 631."

The case of *Pearce v. National Bank of Commerce,* 282 Fed. 100, C. C. A. 8th, while not directly in point is not inconsistent with the ruling in the Third, Fifth and Sixth Circuits. In that case the court held that, on an appeal from an order striking out parts of a cross complaint and specifically denying an injunction for which the cross complaint also asks, was limited to a consideration of the portion of the order denying the injunction.

It would be consistent with the *Pearce* case to hold that a general order dismissing the entire cross complaint would have been an order denying an injunction and appealable. To assume that, because the court in the *Pearce* case struck out portions of the cross-complaint on one ground and dismissed the portion of the cross-complaint asking for injunction in a separate paragraph of the decree or order, the decree was appealable, but that the decree would not have been appealable if the order had dismissed the entire cross-complaint without the specific reference to the injunction, would seem to be a highly technical interpretation of the Statute.

The case of *Magnetic Mfg. Co. v. Magnetic Separator Co.,* 37 Fed. 2d 709, C. C. A. 7, is not pertinent at all since the granting of a rehearing is within the discretion of the trial court and is a separate proceeding.

**DECISION FINAL.**

The second paragraph of Equity Rule 30* as it is construed in *American Mills Co. v. American Surety Co.*, 67 Law. Ed. 309, is intended to permit the defendant in an equity suit to set up a counterclaim of an equitable character, even though this counterclaim is not related to the subject matter of the bill. In this connection Chief Justice Taft said:

> "The counterclaim referred to in the first part of the paragraph must therefore be an equitable counterclaim,—one which, like the set-off or counterclaim referred to in the next clause, could be made the subject of an independent bill in equity. The counterclaim and the set-off and counterclaim in the two clauses are *in pari materia* except that the first grows out of the subject-matter of the bill and the other does not. That which grows out of the subject-matter of the bill must be set up in the interest of an end of litigation. That which does not may be set up, if the defendant wishes, in one proceeding in equity quickly to settle all equitable issues capable of trial between them in such a proceeding, even though they are not related. *Buffalo Specialty Co. v. Van Cleef*, 217 Fed. 91. The formality of cross bills is not required, and the rule goes as far as possible to facilitate the prompt disposition of equitable controversies between the same litigants. The rule should be liberally construed to carry out its evident purpose of shortening litigation, but the limitation of counterclaims to those which are equitable is imperative."

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Rule 30, Second Paragraph.

*"'The answer must state in short and simple form any counterclaim arising out of the transaction which is the subject-matter of the suit, and may, without cross-bill, set out any set-off or counterclaim against the plaintiff which might be the subject of an independent suit in equity against him, and such set-off or counterclaim, so set up, shall have the same effect as a cross-suit, so as to enable the court to pronounce a final judgment in the same suit both on the original and cross-claims."

The intent of the rule is to permit a defendant, by means of a counterclaim, to have a hearing on an equitable cause of action against the plaintiff in the action brought by the plaintiff, and the defendant should not be handicapped in the presentation of his cause of action by rules not specifically imposed by statute which operate against him and not against the plaintiff. For example, if after filing of a bill of complaint a defendant desires to raise the question of jurisdiction over the person he must do so before answering, and if the bill of complaint is dismissed, plaintiff has an immediate right of appeal. Should not a similar order dismissing a defendant's counterclaim which presents a separate cause of action against the plaintiff be also considered a final decision? Otherwise the defendant may be denied the benefit of the privilege extended him by Rule 30 of having his cause of action heard at the same time as that of plaintiff.

Doubt was expressed on this point in *Buffalo Specialty Mfg. Co. v. Van Cleef et al.*, 217 Fed. 92, D. C. Ill. E. D., Sept. 16, 1914, the Court stating that it was inclined to the opinion that the decree of dismissal in such a case is not final, citing *Bowker v. U. S.*, 186 U. S. 135, 46 L. Ed. 1090.

The *Bowker* case, however, presented a situation quite different from a patent infringement suit such as the present. In an action for damages resulting from a collision, as was pointed out in the *Bowker* case, the hearing would determine whether the plaintiff or the defendant was at fault, even though the cross-bill of the defendant has been striken out.

In a patent infringement case, however, where the plaintiff sues on one patent and defendant's counterclaim on another, the denial of an appeal from an order striking out of defendant's counterclaim, deprives defendant of his right to have his claim heard at the same time as plaintiffs, and if after the final hearing, defendant appeals, and it is

found that his counterclaim should not have been dismissed, a second trial is necessary, from which a second appeal may be taken.

The fact that a formal final decree or order may not have been entered does not preclude an appeal. In *Rosenberg Bros. & Co. Inc. v. Curtis-Brown Company,* 260 U. S. 516, 67 L. E. 372, it was held that an order quashing a summons because defendant was not subject to the jurisdiction of the Court was final so as to be reviewable by the Supreme Court although the action was not formally dismissed.

The question as to what constitutes a final decision is purely a matter of judicial determination, and it is believed that the decision of the District Court in this case should be held to be a final decision.

**JURISDICTION.**

**Waiver by Bringing Suit.**

The right of defendants in this case to bring a counterclaim against the plaintiff is unquestionable in view of the recent decision in this Court in the case of *Leman v. Krentler-Arnold Hinge Last Co.,* 76 L. E. 338, which affirmed the right of a defendant to maintain a counterclaim against a plaintiff not a resident of the District in which the suit was brought.

This case was a civil action for contempt for violation of a permanent injunction granted in a previous infringement suit.

In the previous suit *Krentler-Arnold Hinge Last Co. v. Leman,* 13 Fed. 2nd 796, C. C. A. 1st, brought in the Federal District Court for the District of Massachusetts, for infringement of a patent, defendant had set up a counterclaim for infringement of a patent owned by defendant. The bill of complaint was dismissed and an injunction was issued on the counterclaim.

Jurisdiction over the person of the defendant in the civil suit was questioned. Chief Justice Hughes, in delivering the opinion of the Court, held that the Court by which a permanent injunction has been granted, retains jurisdiction over the person against whom the injunction was issued and that process upon him is not prerequisite to civil contempt proceedings for violation of the injunction.

On the question of jurisdiction, Chief Justice Hughes said:

> "When the respondent brought the suit in the Federal District Court for the District of Massachusetts, it submitted itself to the jurisdiction of the Court with respect to all the issues embraced in the suit, including those pertaining to the counterclaim of the defendants, petitioners here. Equity Rule 30. See *Langdell, Eq. Pl.*, Chap. 5, Article 119; *Frank L. Young Co. v. McNeal-Edwards Co.*, 283 U. S. 398, 400, 75 L. Ed. 1140, 1141, 51 S. Ct. 538."

The previous case referred to was an equity suit in which an injunction was granted and could not have been governed by the Conformity Act, Title 28, Sec. 724 U. S. Code* as suggested by plaintiffs, since this Act specifically excludes suits in equity.

As pointed out in the *Buffalo Specialty Co. v. Van Cleef*, 217 Fed. 92, Equity Rule 30 is quite similar to Sec. 3 of Order 19 of the English Orders (Stat. Rules and Orders of 1912, p. 1781, Annual practice of 1908, p. 234).

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Title 28, Section 724

*"The practice, pleadings, and forms and modes of proceeding in civil causes, other than equity and admiralty causes, in the district courts, shall conform, as near as may be, to the practice, pleadings, and forms and modes of proceeding existing at the time in like causes in the courts of record of the State within which such district courts are held, any rule of court to the contrary notwithstanding."

The English rule is as follows:

> "A defendant in an action may set off, or set up by way of counterclaim against the claims of the plaintiff, any right or claim, whether such set-off or counterclaim sound in damages or not, and such set-off or counterclaim shall have the same effect as a cross-action, so as to enable the court to pronounce a final judgment in the same action, both on the original and on the cross claim. But the registrar or the judge may, on the application of the plaintiff before trial, if in opinion of the registrar or judge such set-off or counterclaim cannot be conveniently disposed of in the pending action, or ought not to be allowed, refuse permission to the defendant to avail himself thereof."

In the *Buffalo Specialty Co.* case it is also pointed out that a foreign plaintiff by invoking the jurisdiction of an English Court consents to be sued there by a counter action.

It would seem that the right of a defendant to counterclaim against a non-resident plaintiff in an equity suit might well be based upon the maxim of equity that he who seeks equity must do it.

**Waiver by Pleading to Merits.**

Assuming for purposes of argument, that Plaintiffs had a right to question the jurisdiction of the Court over the person of each of the Plaintiffs, they waived that right by their motion of June 29, 1931 to dismiss the counterclaim (Tr. p. 14). The first paragraph of the motion reads as follows:

> "Now come the plaintiffs, General Electric Company and Carboloy Company, Inc., by their attorneys, and move that the counterclaim set up in the defendants' Answer in the above entitled cause be dismissed on the grounds (1) that this court has no jurisdiction thereof, (2) that there is a misjoinder of parties in said counterclaim, and (3) that the (fol. 16) said

counterclaim does not set forth facts sufficient to constitute a valid cause of action or a counterclaim in equity against these plaintiffs."

In *St. Louis and San Francisco Ry. Co. v. McBride*, 141 U. S. 127, 35 L. E. 659, a demurrer, which in addition to raising the question of jurisdiction was directed to the merits, was held to be a waiver of jurisdictional privileges. In this connection, the court said:

> "Its demurrer, as appears, was based on three grounds—two referring to the question of jurisdiction, and the third, that the complaint did not state facts sufficient to constitute a cause of action. There was, therefore, in the first instance, a general appearance to the merits. If the case was one of which the court could take jurisdiction, such an appearance waives not only all defects in the service, but all special privileges of the defendant in respect to the particular court in which the action is brought."

In this case there is a thorough exposition of the construction to be placed on Acts of Congress prescribing the place where a person may be sued.*

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*"In *Ex Parte Schollenberger*, 96 U. S. 369, 378 (24:853, 855), Chief Justice Waite said 'The Act of Congress prescribing the place where a person may be sued is not one affecting the general jurisdiction of the courts. It is rather in the nature of a personal exemption in favor of a defendant, and it is one which he may waive.' The Judiciary Act of 1789 (P. 11, 1 Stat. 79), besides giving general jurisdiction to circuit courts over suits between citizens of different States, further provided, generally, that no civil suit should be brought before either of said courts, against an inhabitant of the United States, by any original process, in any other district than that of which he was an inhabitant, or in which he should be found. In the case of *Toland v. Sprague*, 37 U. S. 12 Pet. 300, 330 (9:1093, 1105), it appeared that the defendant was not an inhabitant of the State in which the suit was brought, nor found therein. In that case the court observed: 'It appears

In *Sandusky Machine Co. v. DeLavaud,* 251 Fed., 631 D. C. N. D. Ohio, E. D. the transitory character of suits

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that the party appeared and pleaded to issue. Now, if the case were one of a want of jurisdiction in the court, it would not, according to well-established principles, be competent for the parties by any acts of theirs to give it. But that is not the case. The court had jurisdiction over the parties and the matter in dispute; the objection was that the party defendant, not being an inhabitant of Pennsylvania, nor found therein, personal process could not reach him. * * * Now, this was a personal privilege or exemption, which it was competent for the party to waive. The cases of *Pollard v. Dwight,* 8 U. S. 4 Cranch, 421 (2:666), and *Barry v. Foyles,* 26 U. S. 1 Pet. 311 (7:157), are decisive to show that, after appearance and plea, the case stands as if the suit were brought in the usual manner. And the first of these cases proves that exemption from liability to process, and that in case of foreign attachment, too, is a personal privilege, which may be waived, and that appearing and pleading will produce that waiver.' In *Lexington v. Butler,* 81 U. S. 14 Wall., 282 (20:809), the jurisdiction of the circuit court over a controversy between citizens of different States was sustained in a case removed from the state court, although it was conceded that the suit could not have been commenced in the first instance in the circuit court. See also *Claflin v. Commonwealth Ins. Co.,* 110 U. S. 81 (28:76).

Without multiplying authorities on this question, it is obvious that the party who in the first instance appears and pleads to the merits waives any right to challenge thereafter the jurisdiction of the court on the ground that the suit has been brought in the wrong district. *Charlotte National Bank v. Morgan,* 132 U. S. 141 (33:282); *Fitzgerald & M. Const. Co. v. Fitzgerald,* 137 U. S. 98 (34:608)."

arising under the patent laws, the privilege conferred by section 48, Judicial Code (Title 28, Sec. 109, U. S. Code)* and how such privileges may be waived is discussed as follows:

> "A suit arising under the patent laws is transitory and not local in character, and, except for the limitations of section 48, Judicial Code, might be brought in any district in which the defendant could be served. General jurisdiction is conferred by section 24, Judicial Code (Comp. St. 1916, Art. 991), over all actions arising under the patent laws of the United States. The jurisdiction, therefore, of this court exists, no matter where the infringement was committed, unless section 48 takes away that jurisdiction. The proper rule, in my opinion, is that section 48 should have the same construction as section 51 of the Judicial Code; that is to say, it does not take away the jurisdiction of the District Court in patent cases, but prescribes merely the district in which such a suit may be brought, and is a privilege conferred upon a defendant, which he may waive. In other words, in suits arising under the patent laws, a defendant has a right to insist on the privilege of being sued in a district of which he is an inhabitant, or in a district where he shall have committed acts of infringement and have a

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Title 28, Sec. 109

*"In suits brought for the infringement of letters patent the district courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business. If such suit is brought in a district of which the defendant is not an inhabitant, but in which such defendant has a regular and established place of business, service of process, summons, or subpoena upon the defendant may be made by service upon the agent or agents engaged in conducting such business in the district in which suit is brought."

regular and established place of business; in other causes of action, the defendant is entitled to insist that he shall be sued in the district of which he is an inhabitant, or, if jurisdiction is invoked only because of diversity of citizenship, in the district of which either the plaintiff or defendant is a resident. This, however, is a personal privilege respecting only the forum within which the action may be maintained. It is a privilege upon which the defendant only may insist, and which he may waive. He will be held to have waived it if he does not, prior to entering a general appearance to the action, take objection in proper form to the jurisdiction of the court over him. This holding has been made in actions arising under the patent laws in the following cases: *General Electric Co. v. Wagner Electric Co.* (C. C.) 123 Fed. 101; *U. S. Raisin Co. v. Phoenix Raisin & Packing Co.* (C. C.) 124 Fed. 234; *Thomson-Houston Electric Co. v. Electrose Mfg. Co.* (C. C.) 155 Fed. 543; *U. S. Expansion Bolt Co. v. Kroncke Hardware Co.* (D. C.) 216 Fed. 186. See, also, *Walker on Patents* (5th Ed.) Art. 389.

"The question involved is common to all causes of action cognizable in a federal court, and this holding has been made in actions other than those arising under the patent laws in the following cases: *First National Bank v. Morgan,* 132 U. S. 141, 10 Sup. Ct. 37, 33 L. Ed. 282; *Central Trust Co. v. McGeorge,* 151 U. S. 129, 14 Sup. Ct. 286, 38 L. Ed. 98; *Interior Construction Co. v. Gibney,* 160 U. S. 217, 16 Sup. Ct. 272, 40 L. Ed. 401; *In re Moore,* 209 U. S. 491, 28 Sup. Ct. 585, 706, 52 L. Ed. 904, 14 Ann. Cas. 1164; *Western Loan Co. v. Butte Mining Co.,* 210 U. S. 368, 28 Sup. Ct. 720, 52 L. Ed. 1101; *Kreigh v. Westinghouse Co.,* 214 U. S. 249, 29 Sup. Ct. 619, 53 L. Ed. 984."

In *Gulf Smokeless Coal Co. v. Sutton Steele & Steele et al.,* 35 Fed. 2d. 433, C. C. A. 4th, it was pointed out that motions to dismiss have taken the place of demurrers under the old practice and that a motion to dismiss on the grounds that the bill does not state a cause of action is a waiver of jurisdictional privileges.

In this connection the Court said:

"The Roberts & Schaefer Company has clearly waived the benefit of the statute in this case. After an order was entered allowing amendment of the bill to make it a party, it filed a motion that it be dismissed from the suit for a number of reasons, among which was the following:

"'(c) Because the plaintiff's bill makes no material and proper averments against it, charging infringement or participating in infringement of any of plaintiff's patents.' This was nothing more nor less than a motion to dismiss the bill as to the Roberts & Schaefer Company, because of its failure to allege a cause of action against that company—a motion which under the new equity rules has taken the place of demurrer under the old practice. See Rule 29 (see 28 U. S. C. A. Art. 723). There can be no question that such a motion, which invokes the judgment of the court as to the sufficiency of the pleading, amounts to a general appearance. Even though it be coupled with a motion to dismiss on jurisdictional grounds, it waives the question of jurisdiction; for one will not be heard to invoke and deny jurisdiction in the same breath. *Jones v. Andrews,* 10 Wall. 327, 332, 19 L. Ed. 935; *St. Louis & S. F. R. Co. v. McBride,* 141 U. S. 127, 11 S. Ct. 982, 35 L. Ed. 659; *Edgell v. Felder* (C. C. A. 5th) 84 F. 69; *Christensen v. Christensen* (D. C.) 14 F. (2d) 475; *Nelson v. Husted* (C. C.) 182 F. 921; *Cyclopedia of Federal Procedure,* vol. 3, p. 427."

The same conclusion is reached in *Grable v. Killetts,* 282 Fed. 185; C. C. A. 6th.

The plaintiffs in this case after raising the question of the merits of defendants' counterclaim waived the privilege of objecting to jurisdiction of the court over its person and had no right to raise this question before the Court of Appeals.

There is ample authority for Supreme Court Equity Rule 30 under U. S. Code, Title 28, sec. 730,* and the jurisdictional privilege under Title 28, Sec. 109, is one which may be waived and which is waived by a general appearance.

In the present case the filing of the bill was a general appearance and also the motion to dismiss the counterclaim on the ground that it set forth no cause of action in equity was also a general appearance.

## CONCLUSION.

As to Defendants' right of appeal, it is believed that a liberal construction of Section 129 of the Judicial Code in accordance with the decisions in the 3rd, 5th and 6th circuits should be adopted in preference to the narrow and technical definition of the words "order * * * refusing" set forth in the *Radio Corporation* and *Allied Metal Stamping* cases by the Circuit Court of Appeals of the Second Circuit, particularly, in view of the fact that this definition is inconsistent with the decision of the same court in the *Cincinnati Car Co.* case.

If it be held that the words "order * * * refusing" means that the order must in terms refuse an injunction, as implied in the *Radio Corporation* and *Allied Metal Stamp-*

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Title 28, Sec. 730

*"The Supreme Court shall have power to prescribe, from time to time, and in any manner not inconsistent with any law of the United States, the forms of writs and other process, the modes of framing and filing proceedings and pleadings, of taking and obtaining evidence, of obtaining discovery, of proceeding to obtain relief, of drawing up, entering, and enrolling decrees, and of proceeding before trustees appointed by the court, and generally to regulate the whole practice, to be used, in suits in equity or admiralty, by the district courts."

*ing Co.* cases, it is not clear how an order, declaring that a certain structure is not an infringement of a patent, refuses an injunction, as was held by the same court in the *Cincinnati Car Co.* case.

We do not believe that this narrow interpretation is the natural and obvious construction, nor that it is the one best calculated to render effective the intent of the Act.

While in the past very few orders prior to trial of a case have been considered final orders, it is believed that an order dismissing a counterclaim in an equity case, which sets up a separate cause of action against a plaintiff, should be so considered for the reason that such an order precludes defendant from having his claim in issue at the trial and may result in a second trial and a second appeal.

As to the question of jurisdiction, it is believed that plaintiffs submitted to the jurisdiction of the Court for the purpose of the counterclaim by filing their Bill of Complaint, and that their motion to dismiss, going to the merits of the counterclaim, was a waiver of jurisdictional privileges.

Respectfully submitted,

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# SUPREME COURT OF THE UNITED STATES.

No. 57.—October Term, 1932.

General Electric Company and Carboloy Company, Inc., Petitioners, *vs.* The Marvel Rare Metals Company, The Ohio Instrument Manufacturing Company, Charles L. Gebauer, et al. } On Writ of Certiorari to the United States Circuit Court of Appeals for the Sixth Circuit.

[December 12, 1932.]

Mr. Justice Butler delivered the opinion of the Court.

Petitioners, New York corporations having their principal offices in that State, brought this suit in the northern district of Ohio against defendants, two corporations having regular and established places of business in that district and two individuals residing there. The complaint alleges that the defendants infringed plaintiffs' rights under certain patents relating to the manufacture of hard-metal products by making, using and selling tools and parts thereof embodying such inventions. The answer avers that the patents are invalid and denies infringement alleging that all manufacture by defendants has been under one or more of five patents granted defendant Gebauer. And the answer sets up a counterclaim against plaintiffs for the infringement of one of these patents and prays injunction against such infringement and an accounting. But it does not allege that plaintiffs are inhabitants of the district or that they infringed defendants' patent and have a regular and established place of business there. The plaintiffs moved to dismiss the counterclaim for want of jurisdiction. The district court granted their motion. Defendants appealed. Plaintiffs moved to dismiss the appeal on the ground that the dismissal of the counterclaim does not amount to the refusal of an injunction under § 129, Judicial Code, and was not appealable under that section. The Circuit Court of Appeals denied the motion and reversed the order appealed from. 56 F. (2d) 823.

Plaintiffs insist that the court erred in refusing to dismiss the appeal. Equity Rule 30 declares: "The defendant by his answer shall set out . . . his defense to each claim asserted in the bill . . . The answer must state in short and simple form any counterclaim arising out of the transaction which is the subject matter of the suit, and may, without cross bill, set up any set-off or counterclaim against the plaintiff which might be the subject of an independent suit in equity against him, and such set-off or counterclaim, so set up, shall have the same effect as a cross suit, so as to enable the court to pronounce a final decree in the same suit both on the original and the cross claims." 268 U. S. 709. It is clear that in this suit the court in a single decree may finally determine the merits of the cause of action alleged in the complaint and the counterclaim set up in the answer. The order dismissing the counterclaim is interlocutory. *Winters* v. *Ethell*, 132 U. S. 207, 210. *Ex parte Railroad Co.*, 95 U. S. 221, 225. *Ayres* v. *Carver*, 17 How. 591, 595. The general rule is that review of interlocutory orders must await appeal from the final decree. But in proceedings for injunctions and receivers exceptions have been made by § 129, Judicial Code:

> "Where, upon a hearing in a district court, or by a judge thereof in vacation, an injunction is granted, continued, modified, refused, or dissolved by an interlocutory order or decree, or an application to dissolve or modify an injunction is refused, or an interlocutory order or decree is made appointing a receiver, or refusing an order to wind up a pending receivership or to take the appropriate steps to accomplish the purposes thereof, such as directing a sale or other disposal of property held thereunder, an appeal may be taken from such interlocutory order or decree to the circuit court of appeals . . . . The appeal . . . must be applied for within thirty days from the entry of such order or decree, and shall take precedence in the appellate court; and the proceedings in other respects in the district court shall not be stayed during the pendency of such appeal unless otherwise ordered by the court, or the appellate court, or a judge thereof. . . ." 28 U. S. C., § 227.

The reasons suggested by plaintiffs in support of the contention that the order is not appealable are that there was no hearing upon any application for an injunction and that the dismissal of the counterclaim was not the refusal of an injunction. But by their

motion to dismiss, plaintiffs themselves brought on for hearing the very question that, among others, would have been presented to the court upon formal application for an interlocutory injunction. That is, whether the allegations of the answer are sufficient to constitute a cause of action for injunction. And the court necessarily decided that upon the facts alleged in the counterclaim defendants were not entitled to an injunction. It cannot be said, indeed plaintiffs do not claim, that the dismissal did not deny to defendants the protection of the injunction prayed in their answer. The ruling of the Circuit Court of Appeals that an injunction has been denied by an interlocutory order which is reviewable under § 129 is sustained by reason and supported by the weight of judicial opinion. *Emery* v. *Central Trust & Safe Deposit Co.*, 204 Fed. 965, 968. *Ward Baking Co.* v. *Weber Bros.*, 230 Fed. 142. *Historical Pub. Co.* v. *Jones Bros. Pub. Co.*, 231 Fed. 638, 643. *Naivette* v. *Philiad Co.*, 54 F. (2d) 623. Cf. *Banco Mercantil* v. *Taggart Coal Co.*, 276 Fed. 385, 390.* Plaintiffs' motion to dismiss the appeal was rightly denied.

Plaintiffs maintain that the Circuit Court of Appeals erred in sustaining the counterclaim.

They call attention to Equity Rule 30 and cite § 48 of the Judicial Code: "In suits brought for the infringement of letters patent the district courts . . . shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant . . . shall have committed acts of infringement and have a regular and established place of business . . . ." 28 U. S. C., § 109. They argue that a counterclaim for patent infringement cannot be maintained over plaintiffs' objection if it does not contain allegations showing that plaintiffs are inhabitants of or committed acts of infringement and have a regular place of business within the district in which they commenced their suit. And they insist that to construe the rule more broadly would make it repugnant to the statute.

Rule 30 is without force as against conflicting statutory provisions. *Wash'n-Southern Co.* v. *Baltimore Co.*, 263 U. S. 629. It deals with counterclaims of two classes. The first includes every counterclaim arising out of the transaction which is the subject matter of the suit and which must be set up in the answer. The

*Contra: Radio Corporation v. J. H. Bunnell & Co., 298 Fed. 62. Allied Metal Stamping Co. v. Standard Electric Equipment Corp., 55 F. (2d) 221.

second class includes counterclaims not so arising but which might be the subject of an independent suit in equity and which may but need not be so set up. *Amer. Mills Co.* v. *Amer. Surety Co.*, 260 U. S. 360, 364. We may assume that the counterclaim in question does not arise out of the subject matter of plaintiffs' suit. But, unless § 48 prevents, it may be set up in the answer. *Marconi Wireless Telegraph Co.* v. *National E. S. Co.*, 206 Fed. 295. *Electric Boat Co.* v. *Lake Torpedo Boat Co.*, 215 Fed. 377. *United States Expansion Bolt Co.* v. *Kroncke Co.*, 216 Fed. 186; 234 Fed. 868. *Buffalo Specialty Co.* v. *Vancleef*, 217 Fed. 91. *Champion Spark Plug Co.* v. *Champion Ignition Co.*, 247 Fed. 200. *Victor Talk. Mach. Co.* v. *Brunswick-Balke-Collender Co.*, 279 Fed. 758.

Section 24 (7) of the Judicial Code is the source from which district courts derive jurisdiction of cases arising under the patent laws. Under that clause and until the enactment of § 48 a suit for infringement might have been maintained in any district in which jurisdiction of defendant could be obtained. *In re Hohorst, Petitioner*, 150 U. S. 653, 661. And see *In re Keasbey & Mattison Co., Petitioner*, 160 U. S. 221-230. Section 48 relates to venue. It confers upon defendants in patent cases a privilege in respect of the places in which suits may be maintained against them. And that privilege may be waived. *Lee* v. *Chesapeake & Ohio Ry.*, 260 U. S. 653. *Gulf Smokeless Coal Co.* v. *Sutton, Steele & Steele*, 35 F. (2d) 433, 438. The section does not, as to counterclaims, purport to modify the rule, prevailing prior to its enactment. The setting up of a counterclaim against one already in a court of his own choosing is very different, in respect to venue, from hailing him into that court. Section 48, taken according to the meaning ordinarily given to the words used, applies only to the latter, and we find no warrant for a construction that would make it include the former. This Court has recently declared that one who sues in a federal court of equity to enjoin the infringement of his patent, thereby submits himself to the jurisdiction of the court with respect to all the issues of the case, including those pertaining to a counterclaim praying that he be restrained from infringing a patent of the defendant. *Leman* v. *Krentler-Arnold Co.*, 284 U. S. 448, 451. And that rule applies here.

*Affirmed.*